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BUMIPUTERA FRANCHISEES RETENTION IN
MALAYSIA FRANCHISING INDUSTRY: THE
MODERATING EFFECT OF GOVERNMENT SUPPORT

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MALAYSIA FRANCHISING INDUSTRY: THE
MODERATING EFFECT OF GOVERNMENT SUPPORT

By

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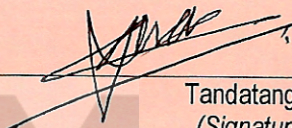
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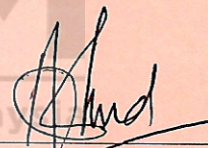
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ABSTRACT

Franchising business plays an important role in enhancing Malaysia's economic and social growth as it assists to develop and nurture Bumiputera entrepreneurs. However, recently, franchising business is not growing as expected as more local franchising businesses are confronting business termination or ceased operations problems. Therefore, Bumiputera franchisees retention is crucial to ensure franchise business continuity and long-term business success. Furthermore, previous researchers accentuated the relationships between franchisor support, franchisor brand and franchisor franchise system and franchisees retention in the franchising business. Hence, this study examines the relationship between franchisor support, franchisor brand, franchisor franchise system and Bumiputera franchisees retention in the Malaysia franchising business. The study also examines the moderating effect of government support. The sequential explanatory mixed method was used. Data was collected through a survey and interviews. A hundred and twenty-five Bumiputera franchisees were involved for the quantitative phase, whilst for the qualitative phase, semi-structured interviews were conducted on six Bumiputera franchisees to further explain the result of the quantitative statistical analysis. Overall, the finding indicated that franchisor support, franchisor brand, franchisor franchising system, government support and Bumiputera franchisees retention were significantly related. However, only the franchisor franchise system significantly predicted Bumiputera franchisees retention while other variables did not. In fact, the result also identified that government support was irrelevant and did not play moderating role in contributing towards Bumiputera franchisees' retention. Hence, in order to ensure business franchise retention, it is important for the franchisor to foster and nurture an effective franchisor franchise system. Furthermore, it is essential for government to frequently review the supports in at least three to five years to ensure effective and successful outcomes especially to franchisees. Finally, this study has gave future research opportunities to explore into more specific area such indexes or dimensions in each study variable.

Keywords: franchisor support, franchisor brand, franchisor franchise system, government support, franchisees retention

ABSTRAK

Perniagaan francais memainkan peranan penting dalam meningkatkan pertumbuhan ekonomi dan sosial di Malaysia kerana mampu membantu dalam memupuk dan membangunkan usahawan bumiputera. Namun, kini perniagaan francais tidak berkembang sebagaimana yang diharapkan disebabkan banyak perniagaan francais tempatan berhadapan dengan masalah penamatan perniagaan atau pemberhentian operasi. Oleh itu, pengekalan francais bumiputera adalah penting untuk memastikan kesinambungan perniagaan dan kejayaan perniagaan francais dalam jangka masa panjang. Tambahan lagi, penyelidik terdahulu mengesahkan hubungan antara sokongan dari francaisor, jenama francaisor, sistem francais francaisor dan pengekalan francais dalam perniagaan francais. Justeru, kajian ini menyelidik hubungan antara sokongan francais, jenama francais, sistem francais dan pengekalan francais bumiputera dalam perniagaan francais di Malaysia. Kajian ini juga mengenal pasti kesan penyederhanaan sokongan pihak kerajaan. Kaedah gabungan penjelasan secara berurutan digunakan dalam kajian ini. Data dikumpulkan melalui kaedah tinjauan dan temu bual. Seramai seratus dua puluh lima francais bumiputera terlibat dalam fasa kuantitatif manakala bagi fasa kualitatif, temu bual separa berstruktur telah dijalankan ke atas enam francais bumiputera untuk menjelaskan lebih lanjut hasil analisis statistik kuantitatif. Secara keseluruhannya, penemuan kajian menunjukkan bahawa sokongan francaisor, jenama francaisor, sistem francais, sokongan kerajaan dan pengekalan francais bumiputera adalah berkaitan. Walau bagaimanapun, hanya sistem francais secara ketara meramalkan pengekalan francais bumiputera dan tidak pemboleh ubah yang lain. Malahan, keputusan kajian juga menunjukkan bahawa sokongan kerajaan tidak relevan dan tidak memainkan peranan sebagai penyederhana dalam menyumbang kepada pengekalan francais bumiputera. Oleh itu, bagi memastikan pengekalan perniagaan francais, adalah penting untuk francaisor meransang dan memupuk sistem francais yang efektif. Selain itu, adalah penting bagi kerajaan untuk sering mengkaji sokongan dalam sekurang-kurangnya tiga hingga lima tahun untuk memastikan hasil yang berkesan dan berjaya terutamanya kepada francais. Akhirnya, kajian ini memberi peluang penyelidikan masa hadapan untuk meneroka ke dalam bidang yang lebih khusus seperti indeks atau dimensi dalam setiap pembolehubah kajian.

Katakunci: sokongan francaisor, jenama francaisor, sistem francais francaisor, sokongan kerajaan, pengekalan francais.

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CHAPTER 1

INTRODUCTION

1.1 BACKGROUND

Franchising in Malaysia is often considered as one of strategy to develop entrepreneurs particularly Bumiputera (Rosliana, Norfaizawati, & Nur, 2013; Md Isa, Filzah, Chee, Siti Norezan, Othman, Din, Mohd Harif, Hussin, Zolkafli, Md Jani & Mohamad Yusop, 2012; Mohd Harif, Hoe, Zolkafli, Filzah, Siti Norezam & Mohd Salleh, 2011). The sector has grown rapidly (Abu Bakar, Mohd Hassan, Rozita & Norhamimah, 2003) and in 2016, there are more than 800 registered franchise business (Ministry of Domestic Trade, Consumerism and Cooperative (MDTCC, 2016) or 23,140 number of franchise outlets owned by franchisors and franchisees (Fauziah, Sazali, Latif, Osman, Suzana, Zawawi & Fazal, 2018). The franchise business consists of local and foreign brands that operating based on the business format of the franchise system. The business format of the franchise system is considered an appropriate and lower failure risks business concept (Abu Bakar et al., 2003) and has been practiced in Malaysia under the preview of Franchise Act 1998 (amendment 2012). This includes the famous brands including McDonalds, Kentucky Fried Chicken (KFC), Secret Recipe, Papa Rich, Gloria Jeans Coffee, Smart Readers, Seven Eleven and many more.

Since the franchise system was initiated in the 1990s, there has been a trend of large participations of various economic sectors in the franchising business. These economic sectors

including i) food and beverages ii) clothing and accessories iii) service and maintenance and lastly iv) learning center and nursery (MDTCC, 2016). Apparently, with various supports initiated by the Malaysia government, such as Franchise Development Program (FDP), the franchise industry has become one of the fastest, safest businesses and plays an important role towards Malaysia's economic growth (Mohd Harif, et al., 2011). In fact, the franchising business considered a method to overcome business risks and failures especially among Bumiputera in running their new own businesses (Rosliana, et al., 2013).

Although franchising business is considered popular business approach in last two (2) decade (Delfino, 2013), but the success of the franchising business claimed to be more complex and difficult to manage compared to traditional business (Ekelund, 2014). Unlike other traditional business, the franchising business requests beyond the legal agreement terms and conditions. Indeed, one of the key determinants for the franchising success was highly related to the strength of relationship (Nathan, 2000). Similarly, Chin (2014), Hnuchek (2014) as well as Wyk and Jager (2010), has asserted that among the major factors that caused the franchise failure was of the business relationship between franchisor and franchisee in the franchising business. Furthermore, Chin 2014, also pointed that the success of franchising also strongly related to quality of relationship between franchisor and franchisee. Some of these relationships can be within the franchise agreement such as franchisor product, brand, support, standard operation procedure (SOP), training, marketing and other supports (Khairul Anuar, Chuah & Abd Rahim, 2016). Ultimately, these relationships are so important and crucial to ensure the long-term commitment between franchisor and franchisee (Sanny, 2015).

Furthermore, a weak of relationship can cause various issues such as franchise termination and early closure or not been renewed upon expiration date (Mohd Harif, et al., 2011; Frazer & Terry 2002). Researchers also reported that relationship franchisors and franchisees also important for ensuring franchisee to retain and agree to renew the franchise contract or agreement (Roh & Yoon, 2009) and enhancing long term relationship (McDonnell, Beatson & 2010). On the other hand, Mohd Harif, et al., (2011) pointed out two (2) major categories that contributed to franchising business failure which are the non-financial and financial factors from franchisor perspective.

The non-financial factors such as too rapid expansion of franchising business, greed of franchisee, franchisee attitude, poor service, poor management of franchise business, conflict with franchisor, legal imperfection, location and high overhead expenses. While, the financial factors are under capitalization of the franchisee, high overhead expenses, cash flow management and bad payers' franchisees. In fact, few authors of marketing researchers have further asserted and acknowledge the non-financial elements such as franchisors brand name and support are essential to determine the success of franchising business and create sustainable competitive advantages (Roh & Yoon, 2009; Mendelsohn, 1999; Bernando, 2013). Similarly, this also associates with what highlighted by Nijmeijer, Huijsman and Fabbriotti (2014), where they have advocated that non-financial elements through franchisors' franchise system and support could create retention in the franchising business.

In addition, it is important for franchisors to select the right franchisees that able to adapt with the franchise system and meet the franchisor's goals (Altiney & Okumus, 2010). However,

many franchisors are still preferred to recruit the new franchisees rather than maintain the long-term relationship and support to the existing franchisees (Hnuchek, Ismail & Haron, 2013). One of the common reasons' franchisor could leverage the franchisees' capitals and funds to expand its brands particular by easier and faster opening the new outlet (Comb, Ketchen & Shook, 2011). However, simply selecting new franchisee does not necessarily will guarantee the franchising business success. In fact, Ng (2014) revealed too many franchisees sometimes may affect franchisors service quality and franchisee dissatisfaction.

Nevertheless, some of researches also have acknowledged the importance of supporting existing franchisees either during pre or post operation (Chin, 2014; Roh & Yoon, 2009). Previous scholars Clarkin and Hasbrouck (2007) revealed that supporting of franchisees are deemed important and is considered imperative in franchising business particularly to ensure franchisee retention in existing franchise contract either within or after the agreement is expired. Particularly, franchisee retention could mitigate costs and risks getting fresh franchisees that commonly lack of experiences and knowledge in the franchise business. Indeed, this also in line with the common business marketing relationship that emphasizes on how to develop, maintain and enhance over the customer rather than on attracting or getting new once (Taleghani, Gilaninia & Mousavian 2011).

Therefore, the focus of this study is to investigate the main challenges and obstacles for franchisors to ensure the franchisees' retention within the franchising business context. In fact, in Malaysia franchise business environment, franchisee is required to maintain a minimum of five (5) years agreement with franchisors in any of franchise agreement signed (Franchise Act,

1998 (2012). Furthermore, the business continuity and sustainability of franchising business in Malaysia also is considered not growing as expected (Md Isa, et al 2012) although with various government supports to the industry. Hashim (2012) also revealed that many support programs initiated by government are failed to ensure that SMEs to be more competitive. In addition, the government failed to meet the objective of 30 percent Bumiputera equity in share market compared to the non-Bumiputera (Zainol, & Wan Daud, 2011). Notwithstanding, the franchising business seems as one of easiest and safest way to start the business to the development of Bumiputera entrepreneurs (Md Isa et al., 2012; Mohd Harif, et al., 2011; Zahariah, Fauzul & Erlane, 2009). And franchising is an important source of entrepreneurial development (Chin, 2014; Lee, Hsu, Chen & Huang, 2010) and SME business is regards as an important contributor to economic (Ibrahim, Keat & Abdul Rani, 2016), hence it is important to measure the role of government support on the franchising business particularly franchisee retention.

The constructs consist of franchisor support, franchisor brand, franchisor franchise system and government support. Besides, in term of measuring the concept of franchisees' retention, to the researcher's literature review research, there is no conclusive or standard as yet. Therefore, in the context of this study, the researcher has decided to use commitment developed by Meyer et al., (1992) and satisfaction by Gauzente (2003) to measure the franchisees' retention. Indeed, satisfaction can lead to commitment and therefore influence franchisee's retention rate (Roh et al., 2007). The measurement is then modified and adapted towards the franchisees in particularly in the context of Malaysia. Furthermore, commitment and satisfaction are severally been used in many researches that reflect the key aspect of retention and marketing relationship (Khairol Anuar, et al., 2016; El-Sayed et al., 2015, Roh and Yoon 2009, Aspinall et al., 2001).

Although retention may vary between industry and firms (Surujlal & Dhurup, 2012) such for hospital, hotel, retails but several key aspects that associated to retention had been highlighted such as likelihood to use and renew, likelihood to contribute and likelihood to recommend (Aspinall et al., 2001). Perhaps, because to achieve these objectives, retention in franchising business is applicable especially for franchisee to remain continue the long-term relationship with franchisor.

Furthermore, since the franchise relationship is strongly bound by the contractual agreement between franchisor and franchisee, the researcher does not consider as loyalty although that may impact the vital perception of franchisees on the relationship value. A number of authors also had claimed that loyalty was strongly associated towards the behavioral and attitudinal whereas the retention discussed on the performance (Aspinal et al., 2001). This also supported by Morrison (1997) whereby he highlighted on economic performance in term of franchisee satisfaction and intention to stay (retention). Apart of that, under the franchising business since franchisee has already agreed to make long-term contractual agreement by signing the franchise agreement with franchisor, therefore the term of loyalty does not exist but rather it been measured by the performance of the business. For instance, as the franchise contract exist and have gradually matured, franchisor usually face tough situation to keep the business consistently viable and to convince franchisee to remain within the franchise term and continue work with franchisor. This is supported by Lee et al., (2010) where he further asserted that challenges and barriers for franchisee retention within the franchise contracts and subsequently extend or renewal with another term of the franchise agreement.

1.2 PROBLEM STATEMENT

Franchisees' retention is regarded as an important issue in franchising industry specifically in mature and competitive franchising market (Lee et al., 2010; Morrison, 1997). Apparently, the franchisee retention leads to the business continuity or long-term business success and avoided early termination (McDonnell, Beatson & Huang, 2011; Roh & Yoon, 2009; Chiou et al., (2004). Several empirical studies have discovered downfalls and challenges in the context of the franchising business. Rahatullah (2014) as well as Shane and Spell (2002), claimed that nearly 33 percent of franchisees were terminated or ceased within the first four years and more than 75 percent stop operation before their twelfth anniversary. Furthermore, Lee et al (2005) also claimed that the failure rate has increased over the year nearly at the average of 15 to 30 percent. These likely and brought evidence on franchisee performance that decided to get out and quit from the existing franchising business before and after the franchise contract expired. Subsequently this also led to franchisors failure and doomed in the context of the franchisee retention.

From Malaysia perspective, the franchising business performance also could be one of evidence that contribute to the performance of franchisee. For record nearly 40 percent of franchise businesses were failed particularly among Bumiputera franchise business (Md Isa, et al., 2012). Fauziah, et al., (2018) further revealed that 5% of franchising business failed due to financial problem compared only 2.5% worldwide. Although with growth of number of franchisors registered in Malaysia, unfortunately as a whole, the franchising business in Malaysia is still considers fail to reach a target particularly on franchisee performance. For instance, in

September 2016, only less than 100 franchisees have obtained the financing support to venture in franchising business (Fauziah, et al., 2018). This is supported by evidence that the franchisees that have financing from government agencies such Perbadanan Nasional Berhad (PNS) had reported failed to make the consistence payment (Table 1.1). Most serious, some of these accounts also have been rescheduled, restructured or under the litigation cases. In addition, these delays and inconsistence payment could indicate that the franchising businesses are not well performing and maybe declining in sales. Furthermore, Mohd Harif, et al., (2011) also has highlighted the financial performance is one of tool to measure the business performance.

Table 1.1
Summary of PNS Franchisee Borrowers as at 2015 (Active vs Non-Active Accounts)

Type	2010	2011	2012	2013	2014	2015	Total
Franchisee	14	38	80	88	141	66	427
Active	11	31	72	72	105	61	352
Non-Active (Restructure/ Reschedule / Legal Action)	3	7	8	16	36	5	75

Source: The Perbadanan Nasional Berhad - PNS 2016

From the summary, it showed that out of total 427 franchisee financing from PNS from 2010 to 2015, there were about 17% or 75 franchisees accounts were non-active. The non-active account refers to non-performing loan because of default of instalment payments or delinquency of payment in due from borrowers (i.e. franchisees). The highest of non-active accounts were recorded in 2014 follow by 2013, 2012, 2011 and 2015. However, the lower account showed in

year 2010 represented only three (3) accounts of franchisee that non- active. In fact, because of many problems in the franchise business operation many of these franchisees have decided to withdraw and stop the franchise business before the term of franchise agreement expired which is five (5) years.

Furthermore, based on the given information above, it was revealed and triggers whether Bumiputera franchisees that venture in the franchising business have failed to perform in the franchising business. Moreover, one might wonder that whether the government supports through financing aids which mostly becoming essential to any business may not be the best ways to lift franchisees survival in the franchising business. Despite of high numbers of non-active accounts about 17% average of total financing, franchising business still seems as one of easiest and safest way to start the business particularly for developing Bumiputera entrepreneurs in the Small and Medium Enterprise (SME). Since SME business is also regards an important contributor to Malaysian economic, thus it is importance to measure and ensure the retention of the franchising business in which also relates with performance of franchisees. In fact, franchisees that success and perform in the franchising business typically will influence towards franchisee retention in the same franchising business or will continue a new agreement with franchisor for another term (Hirzel, 2017, Morrison 1997).

In the light of this and to ensure continuity, longevity and successful of the franchising business, therefore it is relevant and appropriate to conduct a research on franchisee retention by investigating the possible predictor of franchisee retention. This includes the franchisor support, franchisor brand, franchisor's franchise system and government support. In fact, a number of

authors have suggested that the successful franchisor franchise system, brands beside of support that influence to the franchisee selection of franchising business (Oni, Sekwele et al., 2014). Apparently, there is minimum and lack of research in franchising and knowledge of ensuring success ability in franchising (Zahariah et al., 2009). Furthermore, looking at the various researches also asserted that one of key to measure the success of franchise business is through the business continuity whereby this could include the franchisee retention in the franchising business and remain success. In fact, franchisee retention study was limited and most researches put more focus on customer retention either through customer behaviour perspective or customer satisfaction perspective in the franchising business (McDonnell et al., 2011) and (Lee, Smith & Kim 2014). Meanwhile, given the government support has been used to accelerate development and sustainability (Obaji, 2014), however, there is no consensus on the effect within the franchise context particularly in Malaysia.

In addition, studies have indicated that the franchisor support found to be one of the vital elements in franchise system model that enable franchisee to kick off the business using the franchisor's franchise model by paying the specific amount of investment cost (Tikoo, 2005). Apparently, one of main difference of franchising business and independent business is franchisors are responsible to provide continuously support to franchisee to ensure they are easily understanding and commences the business without delay. Furthermore, Roh and Yoon (2009) and Hnuchek, Ismail and Harun (2013) asserted that franchisors' ongoing business support is one of important factor of franchisee consideration in franchising business that later influence the decision of renewing the contract or retain in the franchising business. Therefore, the aspects

of franchisees retention in Malaysia require more specific investigation which covers the level of franchisor's support in determining the success of franchisees.

On the other hand, it was also found that franchisor brand is considered one of importance element for customer to ensure their satisfaction, involvement, retention and loyalty for the franchise system specifically on the franchisor (e.g. Al-Motairi & Al-Meshal, 2013; Weaven et, al. 2011; Karlsen, et al., 2003). When franchisor's brand is established, the franchisees feel protected and greater potential to be success in franchising business (Roh & Yoon, 2009). Furthermore, Nyadzayo et al., 2012 as well as Micheal et al., 2008 revealed that franchisor brand is importance and considered as one of major factor that attract franchisees to enter and continue in the franchise system. This also supported study by Erlinda, Suryana, Afiff and Helmi (2016) that emphasize on franchisor brand as a tool to approach and convince franchisee to enter in the franchising business. However, to explain the impact of franchisor brand on franchisees retention is scanty, therefore required further investigation from franchisee context. Hence, it is imperative to investigate from franchisees' perspective how the franchisor brand can add the value to the franchising business or system package offered by a franchisor that later may result to influence their decision to retain in the franchise network.

Apart from that, the franchisor's franchise system is also important indicators of conflicts between franchisor and franchisee (Clarkin & Hasbrouck, 2007). Unlike franchisor support and franchisor brand, franchisor's franchise system is very much controllable (Asare, Kang & Alejandro, 2010) have high value and must be carefully planned in order to avoid and minimize risk and failure in the franchising business (Dunham & Toomey, 2005) because it consists of a

comprehensive proven system on how to operate and manage the franchising business. For instance, the Standard Operation Procedures (SOP) and business manual such as for operation, marketing, product, recruitment and training that been developed from franchisors' success businesses. In addition, many researchers have advocated that a strong franchisor's franchise system would guide franchisee to manage and success in the franchising business besides to avoid conflicts (Lawrence & Kaufman 2010; Dunham & Toomey 2005; Boe et al., 1993). Furthermore, Nijmeijer, Huijsman and Fabbriotti (2014) and Chiou et al., (2004) revealed that the franchisor franchise system could be source of attracting franchisee and fundamental aspect to determine the franchisee retention. Therefore, because of role and importance for franchisor to ensure the successful of franchisor's franchise system and fulfill franchisees' expectation and satisfaction, it is necessary to investigate the overall franchisor's franchise system in the franchising business as well as towards the franchisee retention (Roh & Yoon, 2009). Besides, it is tough and challenge for franchisor to retain franchisees in same franchising business especially when they have bad experienced in franchisor's franchise system.

Frequently, a number of researches have advocated the importance of government in support towards the success of business such as in entrepreneurship (Rose, Narest & Lim, 2006; Mohd Riduwan, Muhammad Hasmi, Noorliza & Anees, 2012; Aminul Islam, Khan, Muhamad Obaidullah & Alam, 2011). Equally, Hashim, (2012) and Rose et al., (2006) have confirmed government support plays important roles and considered one of the critical success factors for developing countries in promoting and supporting the company such as provide opportunity and access to certain inputs, financing, subsidies and other supports. In fact, in Malaysia, there were various government support through grants and training (Md Isa et al., 2012) but the objective

of improve Bumiputera equity in share market was still far from the target (Zainol & Wan Daud, 2011). Even though researches have been supported and advocated the contribution of government support in entrepreneurs' and SME development (Yeng Keat & Shuhymee 2012; Hashim, 2012) including in franchising business, but there also a critical and argument that the government support could be useful for business organization such as to ensure its survival. For example, Rosliana, et al., (2013) found that although with various government supports, franchising business objective especially for Bumiputera was unsuccessful and considered far behind its counterparts such as Chinese and Foreign franchisors. Ibrahim, et al., (2016) and Aminul Islam et al., (2011) also further report that government supports also creates confusing among entrepreneurs such bureaucratic procedures, corruption, insufficient and effectual infrastructural. Hence, the necessity to investigate on supports especially from the government perspective in influencing the franchisees retention is deemed important.

Apparently, lack of previous research from Malaysia focused on the franchisor franchise system, franchisor brand, franchisor support and government support that encourage the franchisee retention. Indeed, one of imperative in the franchising business is to responds to Tuunanen (2005) that asserted among factors that contributed and correlated to franchisee success in the franchising business are inclusive a strong brand names, a proven franchise system, and as well as on-going franchisor support. Furthermore, the franchising business in Malaysia also not growing as expected compare in term of assistance and supports given by the government (Md Isa, et al., 2012). In fact, many of programs such as “Program Pembangunan Francais Tempatan (PPFT)”, Franchise for Woman, Franchise for Graduate Student had failed to reach target and expectation in term of business sustainability and continuity in franchising business. Thus, the

present study design is attempt to examine among the factors towards to franchisee retention. This important in providing significant performance of franchisor especially among Bumiputera in franchising business.

Furthermore, knowing very much research on retention either focuses on customer or supplier in the context of the business relationship or in the Business to Business (B2B). However, retention on franchising particularly on franchisee within the franchise contract is hugely missing. Substantially, this also corresponded to increase the failure rate of franchise business operation over the years (Lee, et al., 2014). And perhaps because of the important of franchisor and franchising business especially for Malaysia economy, the lack of understanding about factors affecting franchisee performance (Michael & Combs, 2008) especially decision whether to exit a system or remain within franchising network may appear another important gap in the literature that require further investigation. Apart of that, since many considerable issues and barriers particularly about individuals or entrepreneurs choose to operate the franchising business was highlighted and not adequate analysed (Frazer & Weaven, 2006) therefore it is important for franchisor to realize the influence of franchisee retention towards franchisees in the franchising business.

Moreover, in this current thesis, researcher employed the social exchange theory (SET) to explain the relationship between franchisor and franchisee. In addition, one of the strong suggestions that relationship is a major point and important in franchising success (Khairul Anuar, et al., 2016). In fact, SET is deemed more appropriate and relevant compare to agency and resources scarcity theories due to the ability to explain the strong quality relationship

between franchisor and franchisee in the franchising business (Ekelund, 2014; Lee et al., 2013; Harmon 2008). Furthermore, the agency theory could be irrelevant particularly in describing relationship held between franchisor and franchisee that strongly associate with social interaction context (Ekelund 2014). Moreover, the agency theory and resources scarcity theory mainly captured different segments within the franchising contexts such as economic, operation and also social channels. For instance, agency theory described and explained the provision that involves between the principle (franchisor) and agent (franchisee) pertaining to their duties and these likely will be accounted within the contractual agreement between them (Huang, 2004) whereas the resources scarcity theory describes the franchising business in term to access of financial and human capital (Meek, 2011). Therefore, the social exchange theory (SET) offers new insight or explanations in term of the relationship between franchisor and franchisee in the franchising business.

To summarize the above discussion, there are four (4) main research gaps in the franchise industry particularly in Malaysia. The first research gap is to determine franchise relationship by investigating the franchisor's competencies variables (i.e. franchisor support, franchisor brand, franchisor franchise system) and franchisee retention. In addition, since the measurement for franchisees' retention is inconclusive and most researches put focus on customer retention (McDonnell et al, 2011, Lee et al., 2014) and employee (Mohamed et al., 2013, Das & Baruah, 2013, Xesha et al., 2014), therefore the current study is likely significant to identify the extent of franchisor franchise system, franchisor brand and franchisor support for franchisee retention in the franchising industry. In fact, limited or scanty research has been conducted from franchise perspective particularly to avoid termination and failure before the contract expired (Mohd Harif,

et al., 2011; Fauziah, et al., 2018). In addition, by investigating the relationship between franchisor and franchisee, this study would fill in the literature gap in the franchising area in particular on the franchisee's failure, termination, retention and renewal that highlighted in previous study by Fauziah et al., (2018), Mohd Harif, et al., (2011), Zachary et al., (2011) and Roh & Yoon (2009).

Second, the research is to fill the gap using social exchange theory (SET) views that explain the relationship performance particularly on the franchising business (Lee et al., 2015; Chen 2011). Despite of the legal document, it is known that relationship is one of critical point in the franchising business success between franchisor and franchisee. For instance, Han & Heng (2013) suggested that relationship would influence performance outcomes such as through efficiency, productivity, quality, satisfaction and innovation. Therefore, as franchising strongly involved in the relationship, Chen (2011) further suggested that the comprehensive investigation towards the franchisees' relationship value with the franchisor was necessary. Furthermore, considering broader conceptualization and theories such as the agency theory is used in other fields (Jenkins et al. 1998; Bonner and Sprinkle 2002), however very little research and evidence focus on social approach particularly in the field of franchising business performance was explored. Perhaps, the constructs could also contribute to the literature in determining the franchise business relationship and franchising business performance particularly for the franchisees' retention. This also supported by Ekelund (2014) who argued that relationship in franchising has long been considered as critical and important for franchising business success because franchisor and franchisee are exchanging each other within the franchise contract.

Third, for the industrial practice, this present study gives franchise organization particularly for franchisor to understand the critical elements to retain franchisees in the franchising business. Prior research suggests that the success of franchise system is highly depending on the quality of relationship between franchisor and franchisee. Since the connectivity between franchisor and franchisee is considered unique and different compared to the traditional business approach (Lee, et al., 2015) and growth of the franchising businesses are strongly related to the numbers of franchisees that participated and run the franchising business. Therefore, the present study provides valuable knowledge and technique on how to maintain franchising relationship particularly between franchisors and franchisees in the franchise contract term. Furthermore, this also tackle and overcome the issues of franchise termination problem particularly before the contract expired.

Finally, another major concern is the government support in accelerating growth and sustainability in the franchising business from the franchisees' context. According to Fauziah, et al., (2018) franchise sector has received various support from government such as financial, infrastructure and others programs. Mohd Harif, et al., (2011) also asserted that government support has overcome and improved Bumiputera entrepreneurs' knowledge in business and practices. In fact, frequently government support is used as predictor for entrepreneurship (Md Isa, et al., 2012; Obaji, 2014; Yeng Keat, et al., 2012) and SMEs business (Hashim, 2012; Ahmed, et al., 2005). On the other hand, Ibrahim, Keat and Abdul-Rani (2016) found the moderating roles of government support in SMEs business. This is supported by, Obaji (2014) which states and confirms that government support having an important role as the moderator is relationship toward entrepreneurship and economic development in SMEs. But yet, from the

context of Malaysia, there is few studies have examined potential government support in franchising particularly franchisee who intend to remain and success in the franchising business. Therefore, to address the research gap, the present study focused on how the government support moderating franchisor support, franchisor brand, franchisor franchise system on the outcome which is the Bumiputera franchisee retention.

Given these argument and particularly franchising business also part of SMEs business (Hashim, 2012) and source of entrepreneurial activity (Lee et al., 2010), therefore the present study considering government support as a moderator to explore the interaction and relationship of government support in the franchising business process. One of strong reason, government support also plays an important role to influence the sustainability and enhance quality of franchise organization (Fauziah, et al., 2018) especially among Bumiputera. And because, the moderating role of government support on franchising industry is scanty still unexplored. It may not enlighten the overall franchisee performance in franchising business in Malaysia, but it is justifiable and has provided significant signals of adopting the government support towards the franchisee performance and lead to franchisee retention in franchising business in Malaysia.

1.3 RESEARCH QUESTION

1. Do franchisor support, franchisor brand, franchisor franchise system, government support and Bumiputera franchisee retention are related?
2. Do franchisor support, franchisor brand, franchisor franchise system and government support influence the Bumiputera franchisee retention in Malaysia?
3. Does government support moderate the relationship between franchisor support, franchisor brand, franchisor franchise system and Bumiputera franchisee retention?

1.4 RESEARCH OBJECTIVE

1. To examine the relationship between franchisor support, franchisor brand franchisor franchise system, government support and Bumiputera franchisee retention.
2. To examine the influence of franchisor support, franchisor brand, franchisor franchise system and government support on Bumiputera franchisee retention in Malaysia.
3. To examine the moderating effect of government support on the relationship between franchisor support, franchisor brand and franchisor franchise system and Bumiputera franchisee retention.

1.5 SCOPE OF RESEARCH

The present study embraced a franchising business in Malaysia where it provides information about the relations between franchisor support, franchisor brand, franchisor's franchise system and franchisees' retention. In the franchising business, a franchisor is an owner of the franchise business or system shall award a franchisee to run the business based on the specific agreement stipulated between them. In return, franchisees will manage the similar business and mostly have the direct contact with customers. Therefore, the growth and success of the franchising business are highly depending on numbers of franchisees that operating the franchising business. This also includes the ability for franchisees' retention or to continue the franchising business with the franchisor. In fact, Malaysia government also strongly supporting the growth of the franchising business such as through Perbadanan Nasional Berhad (PNS). PNS carries the mandate to develop the growth of the franchise industry in Malaysia such as providing financing, training, consultancy, marketing, investment, property and promotion. In addition, the present conceptual model also present government support as part of moderating tool for franchisee retention. Furthermore, the relevancy of this study is based on review of theoretical and previous research that looked from the Social Exchange Theory (SET) components.

1.6 KEY DEFINITION OF TERMS

The definition of the selected variables in the research model used and adopt throughout this research study are defined as follows: -

1.6.1 Franchising: a business relationship whereby a franchisor permits a franchisee to use the brand name, product or system of business in specified in return for the payment of a fee and a contract between both parties. (El-Sayed, Tang & Jones 2015).

1.6.2 Franchisee retention (FT): is a level of franchisees commitment, satisfaction and communication towards the franchise relationship with the franchisors (Meyer et al., 2003, Gauzante, 2003, Grace et al, 2008).

1.6.3 Franchisor franchise system (FFS): a method of building relationship value in franchising business towards the franchisee retention (Ulaga & Eggert 2006).

1.6.4 Franchisor brand (FB): a franchisor's value in term of recognition and strength compared to competitors and to ensure competitive advantage (Barthelemy, 2008)

1.6.5 Franchisor supports (FS): a franchisor's competent that provides assistance to the entire franchise system and facilitate a high level of achievement of franchisee objective (Altinay, 2012).

1.6.6 Government Support (GS): a method of supporting and promoting companies particularly in the developing countries through financial, business management, technical support and capital for startup and expansion (Erastus, Stephen & Abdullai, 2014)

1.7 ORGANIZATION OF THE THESIS

The present study is organized in the following manner. Firstly, the extensive understanding of franchising from Malaysia perspective will be explored to identify its significance to Malaysian especially for developing entrepreneurs. Subsequently, the literature review section will be determined on previous theoretical studies and economic perspectives of franchising and the relationship towards attributing factors of franchisor support, franchisor brand and franchisor franchise system towards the Bumiputera franchise retention. Following the literature review, the research methodologies are developed based on the contents of the four (4) different areas of franchise retention. Chapter five (5) provides result from research design. And the final chapter of the research highlights the summary and conclusion.

CHAPTER 2

FRANCHISING IN MALAYSIA

2.1 INTRODUCTION

Franchising concept in Malaysia started in 1948 with introducing of international brands namely Singer sewing followed by others such Bata shoe outlets, automobile and gas station dealerships (Rosliana, et al., 2013). However, nearly twenty years after, the first fast food franchise namely A&W outlet commenced in Kuala Lumpur in 1967 and it had been considered as a flagship of the original business format of franchising in Malaysia. Then, in 1970s and 1980s many other international brands such as Kentucky Fried Chicken (KFC) and McDonalds (McD) started to penetrate Malaysia market and have created changed in lifestyles particularly among youth especially in food and beverages business (Abdullah, 2014).

Realizing on potential and suitability of franchising business in a growing Malaysia economy, the former Prime Minister Tun Mahathir bin Mohamad had introduced the franchise system in early 1990s as one of a method of doing business particularly for Bumiputera entrepreneurs. The major aim of the franchise system being introduced, particularly it offers an easy setup and standardization of business operation. Furthermore, the franchise system also considered approach to overcome risks and failures particularly among Bumiputera entrepreneurs in running their new own businesses (Mohd Harif et al., 2011). According to Hamid, Mohd Othman,

Selamat and Mastor (2013), Malaysia government only recognized the business format franchise system to be used and practiced for the franchising businesses in Malaysia instead of other types of the franchises system. Furthermore, in early days, many foreign brands including US franchise have dominated the franchise industry in Malaysia with brands such as A&W, KFC, McDonalds, 7-eleven and etc. Apparently, during this time most of franchisee operators only owned by large corporations or companies due to high capital investment required to own the franchise outlets. For instance, the Berjaya Group that brought Kenny Rogers Roasters brand worldwide.

To overcome the obstacles and issues in developing franchising in Malaysia particularly especially among Bumiputera, Franchise Development Programme (FDP) was launched in 1992 through Prime Minister's Department to provide foundation for the franchising business in Malaysia (Rosliana, et al., 2013; Abdullah, 2014). Through this program, many development and opportunities such as trainings, seminars, grants and financial assistance packages have been introduced to assist Bumiputera which interested to participate in the franchising business. In addition, the development of homegrown franchises is gradually grown and become popular choice among local entrepreneurs to start their business. The brands such as Nelson, Smart Reader, Menara Optometrist, JM Beriani, Ani Sup Utara, Secret Recipe, Marrybrown, Old Town Kopitiam, Kamal & Kamal Pest Control, Ar-Rahnu and many more have begun to evolve and open in varies of shopping complexes and shop lots in Malaysia.

Perhaps to support and accelerate the growing through franchising business has permitted Malaysia Franchise Association (MFA) to be set up in 1994 which becoming one of important

arm in the franchising business in Malaysia. Besides of MFA, Perbadanan Nasional Berhad (PNS) is an agency under the Ministry of Domestic Trade, Cooperative and Consumerism (MTDCC) also has formed in 1996 to carry the government mandate in leading the Franchise Development Programme (FDP) in Malaysia. Prior MTDCC, franchising in Malaysia was control under the Ministry of Entrepreneur and Cooperatives Development (MECD) before the Ministry has been dissolved and the functions for Franchise Development Program (FDP) was transferred to MTDCC since 2009.

2.2 FRANCHISING IN MALAYSIA

Franchising in Malaysia is still at a growing stage. In 2011 there were about 268 franchise system and 6,000 franchisees have participated in franchise system in Malaysia (Mohd Harif, et al., 2011). In view of the potential on the franchising business in Malaysia, various strategies, initiative, policy and activities had been implemented in order to develop more franchisors and franchisees in the next coming years (Zahariah et al., 2009). In addition, all supports by government through incentives and programs that have been implemented and kick-off were constituted and associated towards the National Franchise Development Blueprint (NFDB) 2012 – 2016. One of concern or Key Result Areas (KRA) that also become the ultimate aims is to increase the number of franchisors, franchisees and number of outlets of franchising business in Malaysia.

In addition, to date, there are more than 800 franchise brands that have registered in Malaysia (MDTCC, 2016). Furthermore, Fauziah, et al., (2018), revealed based on the record in 2016 that

the number of franchisors and franchisees outlets throughout nationwide were increased to 23140. In fact, duties and responsibilities to establish the franchising business in Malaysia have been shared among various government agencies and institutions to accelerate the franchising growth in Malaysia. Among the agencies such as Perbadanan Nasional Berhad (PNS), Malaysia Franchise Association (MFA), Perbadanan Usahawan Nasional Berhad (PUNB), MARA, Corporate Guarantee Corporation (CGC), SME Banks and others financial institutions through grants, financing, training programs, properties, machines and etc.

2.3 ROLES OF AGENCIES

2.3.1 PERBADANAN NASIONAL BERHAD (PNS).

Perbadanan Nasional Berhad (PNS) is an agency under Ministry of Domestic Trade, Cooperative and Consumerism (MDTCC). Formerly known as a PERNAS and after privatization in 1997 through management buyout (MBO), PNS is formed to develop and increase the size of middle class Bumiputera entrepreneurs in line of the aspiration of the Bumiputera Commercial and Industrial Community (BCIC). However, on the reporting duties, PNS is also responsible to Ministry of Finance (MOF) as one of agency owned by the Ministry of Finance Incorporated (MOF Inc).

Perbadanan Nasional Berhad (PNS) is based at the Menara PNS, Bangsar South City, Kuala Lumpur. PNS also has five other offices located at regions in Malaysia. The five offices are the PNS Eastern Regional Office, PNS Northern Regional Office, PNS Southern Regional Office,

PNS Sabah Regional Office and PNS Sarawak Regional Office. In 2004, PNS was mandated by the government to lead the development of franchise industry in Malaysia and has since aspired to spearhead and develop the franchise industry with the aim of increasing the number of franchise entrepreneurs, be it a franchisor or a franchisee through its expertise in providing quality services and products. PNS also aims to develop more local products and ultimately market them abroad. To fulfill the industry requirements in developing of franchise industry, PNS also provides guidance and special schemes for franchisors and franchisees and welcomes foreign franchise partners to Malaysia.

PNS in its current form has its mission to ‘create and sustain wealth through diversified businesses and providing opportunities to entrepreneurs’. Its roles include investing in the development of the local and foreign franchise brands in Malaysia either directly purchasing the local rights or through master franchisees. PNS also lead and participate in the promotion of local franchises in domestic and international exhibitions. Other important roles include financing, training, franchise development, networking and research.

In view of financing, PNS offers attractive interest rate from 4% - 8% depending of type of financing which either franchisee financing scheme, executive financing scheme, franchisor financing or pre-franchise financing. For instance, as part to support the franchisee business particularly Bumiputera, PNS is offering the franchisee financing scheme for startup business at 4.75% with the margin of financing up to 70% of total investment cost. The following is the data on number of franchisees particularly Bumiputera that obtained financing from 2010-2015.

Table 2.1

The summary of Perbadanan Nasional Berhad (PNS) Franchisee Financing as at 2015

Type	2010	2011	2012	2013	2014	2015	Total
Franchisee	14	38	80	88	141	66	427

Source: The Perbadanan Nasional Berhad - PNS 2016

Based on the data above, it indicates that from 2010 to 2015, there are total of 427 franchisees that have obtained financing assistance from (PNS). The highest record financing approved and disbursed was in the year of 2014 which was 141 followed by years of 2013 (88), 2012 (80), 2015 (66) and 2011 (38). However, the lowest number of borrowers was only 14 borrowers recorded in year 2010 which was due to slow economic condition that affected the whole business environment in Malaysia.

Besides of business financing, PNS also provides assistance for other franchising related facilities such as property and investment for existing franchisor and franchisee to strengthening their franchising business or for an expansion purpose. Furthermore, PNS also provides training through its Academy, namely PNS Academy that was set up on 1st July, 2009. One of the reasons of its establishment is to provide consultation services and training for franchise community, entrepreneurs, potential businessman and public who want to excel in business particularly in franchising industry.

2.3.2 MALAYSIA FRANCHISE ASSOCIATION (MFA)

Formed in 1994, Malaysia Franchise Association (MFA) is a None Government Organisation (NGO) that link and associated with international franchise as a member of the World Franchise Council (WFC) and Asia Pacific Franchise Confederation (APFC) (MFA, website 2018). Despite of the role to flourish and support all implementation and activities of government in franchising business in Malaysia, MFA carries specific functions such as set and enforce standards of ethical business amongst members, act as registry for information pertaining to franchise business operating or intending to operate within the country, coordinate and offer educational programs, seminars and exhibitions specifically oriented to franchising matters, undertake promotional activities to promote franchising as a successful marketing business concept, provide input and liaise with government and agencies on matters concerning franchising and its operation and others.

Locally, members of MFA consist of franchisors, franchisees and also support institutions such as banks, accounting and law firms, consultants and many more. In fact, one of the revenue streams of MFA is collecting fees among its members besides of organizing seminars, programs and exhibitions such as Franchise Award and Franchise International Malaysia (FIM) which is conducted annually in Kuala Lumpur. Indeed, FIM is one of popular and interesting exhibition and conference that assemble various international brands besides promoting the business networking and also franchising business opportunities (MFA website, 2018).

2.4 FRANCHISE ACT 1998 (AMENDED 2012)

In Malaysia, all franchise arrangement is governed by specific laws under the Franchise Act 1998. In addition, every franchises business in Malaysia are required to register with Register of Franchise (ROF) which is authorized by the Franchise Act 1998. Since 2009 after Ministry of Entrepreneur and Cooperatives Development (MECD) was draw out from list of ministries, the responsibility of Franchise in Malaysia has carried and handled by the Ministry of Domestic Trade, Consumerism and Co-operative or known as (MDTCC).

Besides holding massive role of the registrar body, MDTCC also carry responsibility as a regulator and also enforcement body under the provision of Franchise Act 1998 (2012). Although with the provision of act, unlucky there are many limited circumstances face by MDTCC especially in term of duties, co-operation and support from franchisors or franchisees. For instance, such a new requirement of Franchise Act 1998 (amend 2012) for submission the annual financial report by franchisor and franchisee have turned to be less feedback by the industry. In addition, this could be one of basic evidence that fact due to lack of accurate data or information pertaining to Franchise Malaysia (FM) either from Ministry and agencies. Mohd Harif, et al., (2011) also advocated that franchise in Malaysia has lacked of established statistics especially in term of annual sales, number of employees, contribution of foreign and local franchisees and others.

The following are duties of MDTCC in franchising industry in Malaysia: --

1. To formulate macro policies; plan; implement; coordinate; monitor franchise development programmes for the franchise sector.
2. To process and register franchise businesses in accordance to the Franchise Act 1998.
3. To make regulations to Franchise Industry through enforcement of the provisions of the Franchise Act 1998.

Given importance of safeguarding the high quality of franchise business formula in Malaysia, Franchise Act 1998 had pass through first amendment held in 2012 which come into force on January 1, 2013. In addition, the Bill amends the Malaysian Franchise Act 1998 (“**Act**”) was to ensure that the Act is consistent and up-to-date with current development of franchise business in Malaysia. Besides, it also carries the important roles as describe below: -

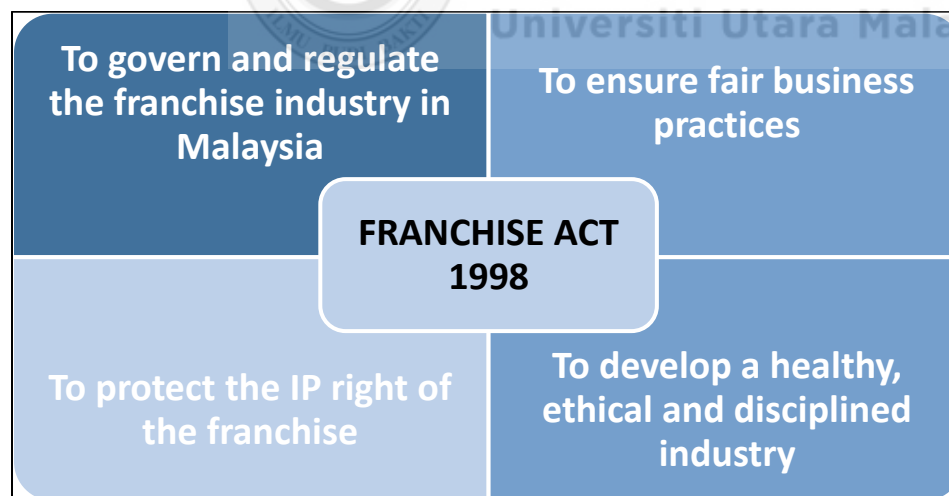


Figure 2.1
Roles of Franchise Act in Malaysia
Source: MDTCC, Franchise Division (2015)

2.4.1 RENEWAL AND EXTENSION UNDER FRANCHISE ACT 1998 (Amended 2012)

In principle under the Section 25 of the Franchise Act (amend 2012), the franchise term held between franchisor and franchisee required a minimum five (5) years agreement with the renewal term upon expiry. In other words, a franchisee that purchase and signed franchise agreement with franchisor must remain in the same franchise business for at least five (5) year and have the opportunities to continue. In fact, upon the expiry of five (5) agreement whereby under Section 34 (1) & (2) of Franchise Act 1998, a franchisor is responsible to renew or extend the franchise agreement when a franchisee apply for an extension by giving written notice to the franchisor to extend the franchise term within six (6) months prior to the expiration of the franchise term. Nevertheless, a franchisee is responsible to ensure that there is no breach of existing franchise agreement with the franchisor. The term in the franchise agreement to be renewed must be similar to or less favorable than the terms in the existing franchise agreement (Franchise Act 1998, 2006).

Given the importance of retaining the franchisee in franchising business or franchise agreement, franchisor obligation likely becomes essential particularly to ensure success of franchising business. Furthermore, with franchisees inability and lack of business knowledge may result for many issues especially in poor relationship. This could also be one of reason of franchise failure that associated to franchise contract termination and unable to retain in the franchising business (Frazer & Winzar, 2005). However, in any cases because of mutual consent or by courts order the franchise agreement can still be terminated before five (5) years. This cover under Section 33 (a) and (b) Franchise Act 1998 (amend 2012).

2.5 CONTRIBUTION OF FRANCHISING MALAYSIA

Growth of franchising in Malaysia begins from 1990 until 2014 when Malaysia's government started to recognize the contribution of franchise business towards the national GDP. The following is the data abstracted from Ministry Domestic Trade, Consumerism and Cooperation (MDTCC) as follows: -

Table 2.3
Summary of Franchise Business GDP Contribution in Malaysia

Year	Percentage of GDP Contribution
2010	2.9% (RM 22.34 billion)
2011	2.5% (RM 21.48 billion)
2012	2.6% (RM 24.30 billion)
2013	2.5% (RM 24.60 billion)
2014	2.5 % (RM 25.60 billion)

Source: The Ministry Domestic Trade, Consumerism and Cooperative - MDTCC 2015

Although there was increasing percentage of total contribution in franchise industry towards Malaysia's gross domestic product (GDP), however this percentage of contribution level is still considered small compared to other countries such as Australia, USA and UK. One reason this is because according to Lee et al., (2015), the contribution for franchising business would constantly deliver at least 10 percent and 14 percent annual GDP to the country.

Given this becoming among the issue that still unresolved, Malaysia Government under the MDTCC is continuing encourage the development of homegrown franchises through various programs although it will take time to develop them to a level where they can compete in the global market. In addition, international market also is one of potential area of (FM) whereby franchise is considered common and popular strategy to penetrated international and global market (Ahmad & Kitchen, 2008). Apparently, there are about ten (10) successful homegrown franchises that have penetrated into foreign markets such as Marrybown, Bangi Kopitiam, Nelson, Old Town White Coffee, Pusat Tusyen Mawar and many more (MDTCC, 2016). In fact, Marrybrown founded in 1981 and has over 100 outlets all over Malaysia, Brunei, United Arab Emirates, India and many more.

Table 2.4
Summary of Franchise Malaysia in International Market

Ranking	Country	No of Franchisor/ Brand	No. of Outlet
1	Indonesia	31	633
2	Singapore	26	118
3	China	20	231
4	Brunei	15	60
5	Vietnam	14	52
6	Thailand	12	114
7	Arau Saudi	11	744
8	UAE	11	169
9	Australia	11	194
10	India	10	145

Source: The Ministry Domestic Trade, Consumerism and Cooperative - MTDCC 2016

Furthermore, MDTCC also has identified franchisor by business categories that contributed to the highest for franchising business in Malaysia. In addition, the highest sector of franchising business in Malaysia is still contributed by the Food and Beverages sector which constituted 39% of total number of 322 franchisors in Malaysia. Then, this follows by others businesses, service maintenance, learning center & nursery, clothing & accessories and health & beauty care which constitute of 56% of all franchise registration in Malaysia.

The following is the number of registered franchisors by industry as at 2016 abstract from Ministry of Domestic Trade, Cooperative and Consumerism (MDTCC).

Table 2.5:
The Number of Registered franchisors in accordance to sector/industry

No	Sectors	Percentage Approval (%)
1.	Food & Beverages	322 (39%)
2.	Clothing & Accessories	86 (11%)
3.	Service & Maintenance	91 (11%)
4.	Learning Centre & Nursery	91 (11%)
5.	Health & Beauty Care	82 (10%)
6.	Convenience Shop & Supermarket	20 (2%)
7.	ICT & Electronics	28 (3%)
8.	Other Businesses	104 (13%)
	Total	824 (100%)

Source: MDTCC, Franchise Division (2016)

2.6 CHAPTER SUMMARY

This section describes briefly about the research background about the franchise industries particularly from Malaysia perspective. It also explained the development of franchise industry in Malaysia and the growth of franchise business such as the establishment of Franchise Act 1998 (amended 2012), GDP contribution through franchising business and also numbers of registered franchise business from MDTCC. Other than that, it also explains about the agency of Perbadanan Nasional Berhad (PNS) and Malaysia Franchise Association (MFA) role in developing franchising business in Malaysia and its achievement particularly on numbers of franchisee that have ventured in the franchise business.



CHAPTER 3

LITERATURE REVIEW

3.1 INTRODUCTION

This chapter provides a summary of literature review of those topics considered to be most relevant to the research problems. It begins with literature review on franchising and discussion about franchisee retention towards franchise industry and others key dimensions which will be discussed in detail, relating to their previous studies, definition, theoretical construct and the relationship between the dimensions of interest.

3.2 FRANCHISING

3.2.1 DEFINITION OF FRANCHISING

According to European Franchise Federation, EFF (2011): -

“franchising is: “[...] a system of marketing goods and/or services and/or technology based upon a written contract between two legally, financially and fiscally separate and independent undertakings, the Franchisor and each of its individual Franchisees, whereby the Franchisor grants each of its individual Franchisees the right, and imposes the obligation, to conduct a business in accordance with the Franchisor’s concept.”

Also, there have been various definition had reported and discussed about franchising. In addition, the definition is well cover of business format franchising aspect as well as legal point of views and make it was widely accepted. For instance, according to the articles by Khan (1992), Clarke (1997), Boyle, (2002) defines franchising as a contractual based business arrangement between franchisor that develop a product or service and franchisee who buys the right to use the franchisor's trade name and sell that product or service. Similarly, El-Sayed et al., (2015) also point out the definition of franchising by looking on the duty and responsibility of franchisor such allow franchisee to use of a complete business package including training, support and corporate name to run business within franchisor standard requirement.

Franchising definition can also be measure in terms of the transaction process and technique in which it explained as a method of distribution of goods and services between franchisor and franchisee (Seldon, 2008; Tuunanen, 2005; Klein, 1995). In addition, this marketing view can be extended to incorporate franchising definition by categories, types and variety of firms involved in retails and small-scale service industries. In fact, this could be similar concept of business between the franchisor and franchisee through the purpose of expanding the business in franchising (Lafontaine & Blair 2008). Furthermore, Xiao (2008) also revealed that franchising was an important type of strategic alliance between franchisor and franchisee and offer better opportunity to success compare with other types of business partnership such as joint venture or equity alliances.

Franchising is considering as a complete business operation that helps companies adapt to different culture and business regulation (Hoffman & Preble, 2004). It's also perceived as a base

to expansion and growth of a business (Thakkar, et al., 2014; Berkowitz, et al., 2013). Franchisors which the owner of proven business format typically created better business model than its competitors (Shane, et al., 1998). Among the important element of proven business format is revealed by the element of franchisor brands (Erlinda, 2016); franchisor support (Roh & Yoon, 2009); Mendelsohn, 1999) and franchise system (Bernando, 2013).

Furthermore, franchising also claims as a commercialization relationship between a franchisor and a franchisee that is legally and financially independent but share a common target (Pineda & Hurtado 2012). According to Bradach (1998) that the relationship between franchisor and franchisee is consider a mutual beneficial business arrangement. This is because through the franchising business, the franchisor will minimize the failure or unsuccessful due to inexperience of new business owner or franchisee that embark in business environment through their large experience, tough time before becoming the registered franchisor.

Finally, a definition of franchising can also be incorporated under the social exchange theory (SET) literature. In addition, Frazer, et al., (2012) and Parsa, (1999) attempted to address the importance of exchange or social relationship by describing franchising as a business interdependent that exist through the value of relationship, on-going negotiation and exchange. This is relevant to franchising whereby the interaction between franchisor and franchisee is based on relational or social exchange that will benefit each other for equitable outcomes (Harmon, 2008; Gronroos, 1994; Wilson, 1995).

Therefore, this present study focuses on the view of the franchising business as relationship between franchisor and franchise within the social exchange theory (SET). One of the reasons although the franchising business is legal or binding contractual agreement between franchisor and franchisee however in some situation franchisor should consider the social exchange aspects especially when franchisees have difficult time to manage the business or required helps from franchisor. In addition, SET will direct and guide the researcher to have better understanding about importance of relationship between franchisor and franchisee in the franchising business. This is associated with what El-Sayed et al., (2015) and Connell, (1999), where they have described that franchising is a business relationship where a franchisor permits a franchisee to use their brand name, product or system of business in a specified and ongoing manner in return for a fee. Furthermore, Chen (2011) and Kidwell et al., (2007) also have advocated that the franchising business success was highly depending on the relationship between franchisor and franchisee. In fact, many efforts are required to build the strong relationship between franchisor and franchisee to ensure the possibility of long-term relationship (El-Sayed 2015; Xiao 2008; Altiney & Wang 2006) such by the franchisee retention.

3.3 FRANCHISEE RETENTION

One of the main critical issues in franchising is to ensure the success of franchising business and to avoid failure (Castrogiovanni, Justis & Julian 1993). Apparently, the successful of the franchising system is strongly associated to number of franchisee success since franchisees are the one who run the business day to day and have direct contact to customers (Sanny, 2015). Besides of number of franchisees, many researches also asserted that one of key to measure the

success of franchising business is through the business continuity (Roh & Yoon 2009) whereby this could include the franchisee retention in the franchising business and remain success.

In general, the term of retention literally has been discussed broadly and has various definitions. The first approach which is parallel to the research conducted by Khan (2012) identify that retention is consider as an obligation to continue to do business relation with a particular company. Similarly, this could also mean that retention happened between the long-term relationship and short-term relationship that may determine successful of business. In addition, many researchers have also long regarded that one of important indicators of business continuity and business successful is through customer retention (Rensberg, 2014; McDonnell et al., 2011; Khan, 2012; Haghkahr et al., 2013).

However little research in regards the topic of franchisee retention has been done in the context of franchising business. And likely retention was highlighted on relationship marketing focus on quality and relationship such in customers, suppliers and in B2B business (Lin & Wu 2011; Mohamed et al., 2013; Gounaris 2003). In addition, Lin & Wu (2011) highlighted the significant relationship between relationship quality and customer retention. Furthermore, Ahmad & Buttle (2002) also revealed that customer retention is an important element in relationship marketing whereby lack of relationship marketing likely could be possibility of early termination or exit due to problems incur during the agreement period.

Furthermore, there are four (4) main sectors of customer relationship management (CRM) in (B-2-B) which are customer satisfaction, customer program, customer retention program and

customer lifetime profitability (Kolis & Jirnova 2013). Customer retention usually claimed to be one of the factors that improve organization long run profitability through repeat purchase, money spending and longevity (Parker, Nitse & Tay 2009). In fact, customer also usually expected the long-term relationship with vendor to add the value of cross selling beyond the normal product to the vendor.

The second approach where many researchers revealed that retention is a process in which the employees are encouraged to remain with the organization for the maximum period of time or until the completion of the project (Das & Baruah 2013). Employee retention levels depend, in part on the people who are hired, why they are hired, and how they are managed (Chandrashu Sinha & Ruchi Sinha, 2012). Generally, bringing the right people into the business or organization is most essential things to ensure the business sustainability and success. Furthermore, according to Mohamed, et al., (2013) was of the opinion that appropriate training, sufficient resources and authority and opportunity to learn are among the important retention programs that could retain employee in organization.

In view the B2B of business and employee mentioned above could be considered well suit and adapt in associate to the franchisee retention. In fact, this is similar concept of franchising business where the quality relationship between franchisor and franchisee can often play a key role in the success of a business. According to McDonnell et al (2011) and Frazer and Winzar (2005) one of a reason of franchises failure or failed before contract due was strongly because of poor relationship between franchisor and franchisee. In fact, the strong relationship is essential and could determine a long-term agreement that ensure franchisee can last for a number a year

and remain in the franchise business (Frazer et al., 2008). Although franchising relationship is bind within the specific franchise contract but according Bernardo (2013) the relationship in franchising has built from reciprocal and mutual relationship exchange is more important to determine the successful of franchise system.

One could therefore state that retention in franchising business also is highly involves development of strong relationship between franchisor and franchisee. In addition, many researchers were suggested that retention to stay in franchising business usually define as trade-off between relationship and satisfaction that exist between franchisor and franchisee (Frazeer et al., 2002; McDonnell, et al., 2011; El-Sayed, et al., 2015; Roh & Yoon, 2009; Morrison, 1997). According to Shaladi, (2012) many franchisors revealed that strong relationship marketing could contribute towards the franchisee retention and stimulate better chance of franchisor business success. This evidence is supported by the fact that franchisee that satisfy in the relationship with franchisor can lead and improve the retention rate in the existing franchise system (Roh & Yoon, 2009).

Furthermore, Roh and Yoon (2009), defines franchisee retention as the ability of franchisee to renew the franchise contract and remain in the franchise business relationship. This is associated with Frazer, et al., (2008), revealed that franchisee retention also refers to franchisor and franchisee relationship as it could determine that franchising agreement can be continued. Indeed, Chin (2014), Hnuchek (2014) as well as Wyk and Jager (2010), has asserted that one of the major factors that caused the franchise failure was of the business relationship between franchisor and franchisee in the franchising business. Hence, it is suggested to the franchisors

as the original owner to maintain good relationships that will result the franchisees ability to maintain the awarded franchise system within the specific time through a franchise agreement. In view of this term, the franchisees are obliged to follow the tenure in which the franchise system awarded. In Malaysia, the Franchise Act 1998 state that each of franchisee is required to enter a minimum of five (5) years of franchise contract with the franchisor (Franchise Act 1998, 2006).

Literature on franchisee retention shows that commitment is one of the critical factors to determine the franchise retention that contributed to relationship and remain in the existing franchise system (Monroy & Alzola, 2015; Roh & Yoon, 2009). In this respect, most researchers note that commitment is important particularly in franchising research such as persistent relationship between partners towards goal (Rahatullah, 2014), continuing relationship and to maintain the needs of partners and long-term benefits (Ekelund, 2014, Ting, 2014) as well as development of social relationship of the two parties (McNeil, 1980). Furthermore, under marketing studies also highlighted and proposed several components and categories of commitment such as by (Meyer and Allen 1997) the Affective Commitment - the organization degree of commitment could be seen as the extent to which they reflect an affective orientation with the desire to extend the relationship toward the organization, the Continuance Commitment - recognition and consciousness of costs associated with leaving the organization and the Normative Commitment – is a moral obligation and attitude to remain with an organization (normative). On the other hand, other marketing studies identified commitment such as 1) strongly believe in and accept organizational goals and value; 2) have the intention to contribute more to the organization and 3) desire to continue being part of the organization (Rahatullah, 2014).

Furthermore, relationship between loyalty and retention particularly in determining the business success have been also triggered and brought to various relationship activities. In fact, in a related study retention and loyalty claimed were interrelated and become an important factor in sustaining a firm's competitive advantage (Khairul Anuar, et al., 2016, McDonnell, 2011). Khairul Anuar, et al., (2016) further claimed that the concept of loyalty also can be extended and reflect the retention in long term relationship such as relationship continuity, long-term orientation, repurchase intention, intention to continue and others. This is supported from the study by (Gan, Cohen, Clemes & Choong, 2006) in the banking industry where they identified that loyalty is one of the determined factors for customer retention.

But further indicator claimed that retention and loyalty were not related such as Khan (2012) argued in the empirically study on the impact of customer relationship reported that the negative relationship between customer retention and customer loyalty. Similarly, this also supported by Smith & Chang (2009) that revealed no significant impact between customer retention and loyalty. Furthermore, according to Aspinall, Nancarrow and Stone (2001) and Khan (2012), loyalty has been described from the aspect of behavioral and attitudinal characteristics but the retention was mentioned through performance indicators and actions. On the other hand, a study by Khairul Anuar, et al., (2016) concurred that loyalty was associated with behavioral and attitudinal attribute that contribute the franchisees to stay loyalty in the franchising business. In fact, to create loyalty among franchisees, the element of retention must be taken into consideration at the beginning of the relationship. This also associated with the hypothesized research by Harmon (2008) that indicated about the behavior and performance outcome of

franchisee relationship value. In fact, one of element in performance outcome was growth and survival of franchisees in the franchising business network.

In summary, retention considers vital for a business or organization such in determining the long term of business success (McDonnell et al., 2011), encourage to remain and manage people (Das & Baruah 2013; Chandranshu Sinha & Ruchi Sinha 2012) and for business relationship purpose. (Azam Haghkhah, Abu Bakar & Alireza, 2013). Furthermore, retention is also an appropriate and relevant because it measures the performance and outcome compared to loyalty that mainly focus on attitudes or behaviors of people or customer. Despite of that, most of researchers agreed that franchisee retention is strongly measure social relationship such as quality and satisfaction that could determine franchisee decision to remain and also successful in the franchising business (Bernando 2013; McDonnell et al. 2011; Frazer 2008). Therefore, it is critical to address franchisee retention in particular decision whether to remain or exit in the franchising business besides it would be also helpful to measure the performance of franchisees (Michael & Comb, 2008).

3.4 FRANCHISORS' SUPPORT

In the franchising business, like other types of businesses are going through the different categories of vision, operation and leadership whether they were franchisor or franchisee in the franchising system (DiPietro, Severt, Welsh & Raven, 2008). However, typically as a founder and the original owner of the franchising business, franchisor plays more important roles for the franchisees such as responsible to promote the successful business model to ensure and achieve

desired objective and business success (Rahatullah, 2014). Furthermore, franchisor also is responsible to provide support to helps for franchisee through its positive leadership styles.

In fact, franchisor support may indirectly influence franchisee performance and also be one of important factor decision to renew or retain in the franchising business (Berkowitz and Wren, 2013) and (Roh & Yoon 2009). Similarly, franchisees will appreciate the support and assistance offered by franchisors in ensuring their franchise business success over the long term. (Khairul Anuar, et al., 2016). Indeed, Frazer and Terry (2002) revealed that the greater assistance and support to franchisee likelihood the lead to the success of the overall franchise system. Typically, one of a way to keep the franchisee is to keep the continuing franchisor support to help franchisee owner to operate their business successfully particularly during a tough period in the franchising business (Bernardo, 2013).

Roh and Yoon (2009) defined franchisor support was based on three (3) categories which are central purchasing, congeniality (communication) and business assistance. Central purchasing means is obligation of franchisee to maintain the franchisor propriety and non-propriety items to protect the franchisor interest. Congeniality (communication) refers to communication and information between franchisor and franchisee in franchise system that must be sufficient and accurate. Roh and Yoon (2009) further point out that franchisor support comes to many aspects such as pre-opening support and on-going support. In fact, researchers also agreed that the pre-opening support is important as it will explain the details of franchisee's right and responsibilities, financial obligations, renewal, termination and dispute resolution (Roh & Yoon, 2009; Blair & Lofontaine, 2005). Indeed, Affes, (2016) revealed that franchisor support is

referred to franchisee acknowledgement of franchisor duty in supporting the directive and objectives facilities of operationalization and marketing.

However, Hnuchek, et al., (2013) described and claimed that franchisor support must include the continued services offer by the franchisor to its franchisee both in the initial stage and throughout (ongoing) the franchise agreement. Affes (2016) reports that service and support provided by franchisor are likely important and contribute to the franchise relationship quality. Indeed, the franchise agreement spells out clearly the level of support by franchisor to franchisee to avoid any misunderstanding of what responsibility of franchisor within the duration of the agreement (Wyk & Jager, 2010). And because it was clearly stated, (Justis, 2002), revealed that franchisees choose to enter in a franchise system rather than operate independently due to the support services provided by franchisors. This is supported research by Keen (2015) whereby he revealed that the franchisor support is one of advantage of franchising business compared to traditional new stand-alone business.

Weaven and Frazer, (2006) further point that franchisor must ensure the continued support and proven franchise system to minimize potential risk particularly in dealing within the franchise channel. In addition, this also parallel with finding of previous study by Hnuchek, et al., (2013) that revealed that the perceived franchisor support also importance towards the contribution in the franchise business system as well as creating strong relationship between franchisor and franchisee. Furthermore, Othman Chin (2014) and Frazer (2001) have revealed that franchisor support was likely one of the factors towards the failure in relationship between franchisor and franchisee. This is because the strong franchisor support is important tools to the continued

services given by the franchisor to its franchisee either for initial or throughout the franchise contract.

Franchisor support also claims associate to brand relationship management in which it involves in the implementation stage that related to brand alignment. Under this category, franchisor support is defined as initial and on-going support to enhance franchisees' willingness to maintain consistent standards, reduce opportunistic and free-riding behavior (Nyadzayo, 2012). In fact, according to Dunham and Toomey (2005), whereby they acknowledged that to maintain prosper long-term in the franchising business, franchisors must consistently support and adapt to changing demographics, consumer preferences, competitions and technology by modifying franchisor business concepts, operating procedures, products or services. In addition, without the strong brand and franchisor support, the franchisee may not able to run the franchising business successfully. This also importance for franchisor to keep-up a good relationship with the franchisee particularly, during the franchise term as to ensure the success of franchise business (Bernardo, 2013).

Furthermore, research studies advocate that quality of franchisor support will determine and strongly linked to franchisee satisfaction and thus will associated with attention to renew the contract of franchise system (Davies, Lassar, et al., 2011), Apparently, this also in line with the research by Van Wyi, (2009), he pointed out that high level of satisfaction among franchisee is measure through extensive and strong support from franchisor for operational, marketing, education and etc. Franchisor must ensure that all support and assistance shall be at best to ensure the success of the franchisee as well as to protect its own franchising business become

damage. Hnuchek, et al., (2013) further asserted that the importance of quality of franchise business that could create motivation and satisfaction and thus influence decision of franchisee to stay in franchising business.

To conclude, franchisor support can be considered as an important element in the franchising business which have also critical in determining the successful of the franchising business. Furthermore, franchisor support involves many levels such during pre-support and on-going support to ensure that franchisee will be able to manage and to ensure the whole franchise system is successful. In fact, with franchisor strong support could avoid early termination within the franchising business (Frazer & Terry 2002). Thus, by considering franchisor support in the franchising business, it would able to motivate the franchisee retention in the franchise business (Roh & Yoon, 2009) and consequently avoid early termination that could destroy the contract agreement between franchisor and franchisee.

3.5 FRANCHISORS' BRAND

Brand is highly considering the company's key and most valuable assets (Park & Sternquist, 2008); (Tauber, 1981) and likely create many impacts and consequences. Without a strong brand the business is either failing to gain customers' or satisfy customers' needs and preferences. Company with strong brands likely give added value and point of differentiation that contribute to sustainability and also financial advantages (Nyadzayo et al., (2011). Furthermore, Hill (2009) claimed that brand carry the most important condition in franchise contract and it is only allowed to be used after all provisions in franchise contract have been fulfilled.

Kapferer (2004) says that a brand is a set of mental associations, held by the customer, which add to the perceived value of a product or service. These associations should be unique (exclusive), strong (salient), and positive (desirable). To many, a brand suggests the best choice, while others see a brand as something the customer knows and will react to. Chernatony and McDonald (2003) assent that a good brand must give for the consumers' the unique values that correspond to the consumer's needs and desires. Furthermore, Olajide and Folake, (2016) and Keller, (2004) also asserted that the highest consideration of naming the brand beside of uniqueness also include such as easily for distinguish, easily to remember and also eye-catching. In addition, this could add value to the company value and enhance the competitive advantage against its competitor (Boyle, 2002).

This is similar whereby brands also importance as it may influence the development and growth of the franchising business. Wu (2015) and Weaven, Grace and Manning, (2009) defined franchisor brand is a franchisor's resources that drive to long term affect and protect against competitors. Moreover, Altinay (2012) revealed that franchisor brand is the most important asset that franchisor need to protect and to avoid from any misuse or damage by the franchisees. Indeed, franchisor brand is significant and important to attract franchisees to enter and continue in the franchise system (Nyadzayo et al., 2012; Micheal et al., 2008; Frazer & Weaven 2006; Guilloux, Gauzante, Kalika & Dubost, 2004). This also confirmed by many researchers that admitted the brands plays an importance part and also influence franchisees' decision to join a franchised business (Guilloux et al., 2004; Hing, 1995; Kaufmann & Stanworth, 1995). For instance, in international franchising (i.e. airlines services), franchisee will be benefited from brand, technical expertise and scale-dependent benefits (Barry, Claudio & Tihomir 2007).

Furthermore, brand in the franchise system also evolved various dimension and definition such as brand equity to franchising (Ghantous, 2012), brand recognition (Roh & Yoon, 2009), brand extension (Weaven et al., 2011), brand image (Erlinda et al., 2016). However, regardless to any size of business for instance small to medium or large enterprise, brand is found important and influence the franchisees' decision to join a franchised network. When people stated to recognize the brand, they will immediately know what those brands stand for and gradually becoming trademark of these companies. This associate to franchise principle in Malaysia whereby it requires each franchisor to register that trademarks or service mark relevant to his franchise in according with the Trade Marks Act 1976. The registration is a mandatory to all franchise business at initial stage or before become the registered franchise in Malaysia (Franchise Act 1998 amended 2012).

Evidently in each of franchising business, a franchisor will grant its franchisee the right to run the business through using its brand (Tikoo, 2005). Ekelund (2014) has further confirms that franchising is sells the right to use an established brand and business model to a franchisee to run the business independently. Brand also claimed as one of important resource that franchisor provide in franchising business (Micheal & Combs 2008). Furthermore, unique the brands and its concept likely benefit the business owner to enter the global market easily and it was considered one of the popular strategies globally (Park, 2008). This associate to research by Pineda (2012) whereby the author claimed that strong brand image carries important aspect for internalization strategy. This includes transfer of franchisor's reputation and also the goodwill (Weaven, 2011).

Ghantous (2012) further point that franchisor's brand is one of the two basic constituents of the franchise package that the franchisee buys into and become the major resources that franchisees seek when engaging in the franchise agreement. In addition, these associations will influence franchisee to enter into the franchise network although a right and ownership of brands remain under authority of franchisor. Zachary, et al., 2011 asserted that franchisor brand is one of important part of the franchise package that franchisees have to buy from the franchisors. For instance, according to Comb et al., (2004) franchisee is granted the right to use the brand throughout the duration of the franchise contract but does not acquire property rights on the brand. Therefore, for franchisor the brand claims as the strategic resources that direct to long term affect to protect against its competitors particularly by brand awareness (Wu, 2015; Aaker, 1997; Weaven, Grace & Manning, 2009).

In addition, franchisor must protect quality of its brand and other franchisor interests together with contract that could influence franchisee for franchising business (Comb, et al., 2011). Apparently, this could help to overcome initial lack of trust in business or satisfy customers' needs and preference. Previously, Erlinda, et al., (2016) also has revealed that franchisor's brand highly plays the important roles on franchisee decision to continue in the franchise system. In particular, franchise system always means with strong corporate or franchisor brands that represent product or service attribute and benefit associations throughout the franchise network (Kapferer 2008; Weaven, et al., 2011) such as McDonalds, Kentucky Fried Chicken, Secret Recipe, Subways, Focus Point and many more.

In contrast, few researchers also advocated that franchisor brand likely covered beyond the marketing activities. For instance, Mendelsohn (2004) argue that franchising is not only about brand but it more serves as umbrella signed for network and a rallying sign for the consumer and public that been granted to the franchisee by the franchisor. Comb, et al., (2004) advocates that the franchisee is granted the right to use the brand throughout the duration of the franchise contract but does not acquire property rights on the brand. This classification highlights that the brand's role as a defining element of this business format and a major constituent of the franchise package alongside business practices, (Ghantous, 2012).

Furthermore, since franchisee is a B2B buyer in his relationship to the franchisor (Grace & Weaven, 2011; Harmon & Griffith, 2008) and the brand is part of the franchise package he buys (Zachary et al., 2011), franchisor brand should carry continuing affect to the business activities and drive value to attract franchisees into the franchising system within the franchise agreement while subsequently expand its market. In addition, to ensure consistent product offering and brand image across the franchise channels, there is need for strong and reliable franchisor and franchise relationship (Nyadzayo (2011). In some condition, whereby franchisee probably new in the franchise network, the franchisor brands should also carry pre and post functions to the business activities to ensure consistent product offering. Furthermore, through franchise business, franchisee can minimize too many activities in promotion and advertisement on brand that usually incur higher costs but rather concentrate on business activities or ensure the business in good ways. Hence, this could eventually reflect and result of such social exchanges theory (SET) in brand segment in franchising through positive and strong relationship between franchisor and franchisee.

Although, this could well explain that brand in franchising is a unique component to build and accelerate the business success and also become marketing part to franchisor to drive the business activities in promoting franchise opportunity. However, it was also argued that managing brand within the franchise network likely could create challenge and issue within the franchising chain (Nyadzayo, 2012). Among the challenging part to maintain strong brand likely due to the ability to adapt with local market and cost issue particularly in the competitive market (Chaudhary, 2014). In addition, this also become interesting as it also may represent franchisor's value proposition in way to portray the numerous brand benefit for franchisees (Ghantous, 2012).

However, academic research on franchising has been minimal in integrating branding as a topic of investigation (Ghantous et al., 2013) despite brand is consider as the important element before taken the franchise business. Franchise system always incorporated with strong corporate brand that represent product or service attribute and benefit associations throughout the franchise network (Kapferer 2008; Weaven et al., 2011). In addition, the strong brand may help to overcome initial lack of trust in the business and this will become one of advantage of franchise business. Furthermore, potential franchisee prefers the successful franchises (franchisors system) that likely to survive and have strong and valuable brands which may directed to franchisee survival in franchise network (Shane et al.1998).

Several empirical studies report that the brand is one of the major factors that attract franchisees to join a network and continue in the franchise system (e.g. Kaufmann & Stanworth, 1995, Guilloux et al., 2004). Similarly, in the research by Xiao (2008) whereby the hypothesis revealed that the brand became the top three (3) important factors that attract franchisee to choose

the franchising business particularly in the hotel industry. This finding also is in associate with the research by Ngugi (2014). In fact, there are numerous examples whereby brand could drive the business to success for instance such as McDonalds and Kentucky Fried Chicken (KFC) & 7'eleven. Furthermore, according to Karlsen and Peloso (2003) during the ANZMAC 2003 Conference in Adelaide, Australia revealed that brand could build the franchisee confidence and decision in franchising.

Moreover, Michael & Combs (2008) had asserted the importance of continue of brand development as to avoid franchisee failure thus will influence the franchisee retention. Rahatullah (2014) also claimed brand is one of imperative element that influence the success of franchisee selection. Furthermore Keller (1993), restated that in order for the brand to add a specific value that is to say different from the value stemming from the product or the service, the consumer must be aware of the brand. Brand will add value through the image they consumers and that is represented in brand association. Hence the more positive, strong and unique the brand association, the higher the brand potential in adding value for consumer. The brand may help to overcome initial lack of trust in the business and this will be becoming one of advantage of franchise business. Therefore, the success of franchisees depends on the franchisor's brand awareness and the credibility of the brand.

Furthermore, Nyadzayo (2012) have identified six (6) components of brand relationship management in franchising that likely should be maintain throughout the franchising business.

The six (6) components are as follows: -

Table 3.1

Component of Brand Relationship Management in Franchising

Component	Definition
Information Sharing	Responsibility of franchisor to communicate important market information that affect franchisees besides of franchisee duties to constantly inform franchisor on their performance and marketing activities
Brand Architecture	Responsibility of franchisor to design and implement a brand portfolio strategy that could maximize sales for franchisees and brand equity.
Franchisor Support	Responsibility of franchisor to support franchisee in maintaining consistent operational standards, reduce opportunistic and free-riding behavior.
Exercise of Power	Responsible of franchisor to influence the decision made by the franchisee by using coercive and non-coercive approaches.
Conflict Resolution	Responsibility of franchisor to resolve conflict and reinforce cooperative behavior.
Bonding	Refer direct to non-direct commitment or bonding which is an outcome of social interaction between franchisor and franchisee.

Source: Nyadzayo et al., (2012)

To summarize, the above discussion depicted the important of brand in business particularly on effect of franchising business. In addition, franchisor brand can be defined as a franchisor's asset that attract franchisee to purchase, remain and continue work with longer term with franchisor. In fact, the lower value of franchisor brand may give a negative impact to franchisee (i.e. decline in sales) and thus may influence the decision of franchisee. Franchisor brand also claims to be incorporated and importance especially in creating and establish the strong relationship between franchisor and franchisee. Therefore, understanding the importance of franchisor brand may

benefit franchisee especially in decision to continue in the franchise system with franchisors (Frazer & Weaven 2006; Guilloux et al., 2004).

3.6 FRANCHISORS' FRANCHISE SYSTEM

In general, franchisor franchise system is developed through franchisor's business experience, investment, effort, dedication and many more. In fact, franchisor is the owners of the franchise system that consists of trademark and procedures to run business in according to franchisor requirement by paying specific franchising fees (Khairul Anuar, et al., 2016). Indeed, fees or pricing strategy set by franchisors for its franchise system allow the franchisees to use the franchisors name and product (Brookes & Altinay, 2011) but limit within the franchise system procedures set by franchisor.

Frequently franchise system is being used to measure relationship between franchisor and franchisee such through privilege to do business, as well as assisting in organizing, training, merchandising and management (Park, Lee & Khan, 2014). This is supported by the research of Tikoo (2005) whereby he revealed that franchise system must provide close working relationship between franchisor and franchisee and aims to determine the level of coordination between power/dependence, communication and conflict. Moreover, the effective and successful of franchise system has influence towards strong relationship between franchisor and franchisee over the long term (Bernando. 2013) and thus contributed to franchisee retention in the franchise network. In fact, Hnuchek (2013) argued that because of huge investment and strictly procedures

stipulate in franchisor franchise system, that becoming an obligation for franchisors to drive the franchise system and develop strong relationship with the franchisee (Hnuchek et al., 2013),

Beside of development of relationship, franchisor franchise system also can be described as building competitive advantage for franchisor against its competitors (Bernardo 2013). Bernardo (2013) also further claimed that franchisor franchise system is critical to determine franchisee over the long-term relationship with franchisor. Indeed, Nijmeijer, Huijsman and Fabbriotti (2014) and Chiou et al., (2004) revealed that franchisor franchise system not only important source of attracting franchisee but also are claim as fundamental aspect to determine the franchisee retention. The other elements that also contributed for competitive advantage including the brand, services support and also economic of scale (Chiou et al., (2004). In addition, fail to adapt and quick response to change in the market environment shall influence franchisee to switch to other franchise system to remain competitive.

While Lafontaine and Blair (2008), Dunham and Toomey (2005) and Lee and Karkoviata (2001) claimed that legally franchisor does not require to guarantee the success of franchise system and permit to make any change or review for benefit of franchisee and also to make the franchise system becoming more mature. However, franchisor must ensure that franchise system able to meet the franchisee expectation and satisfaction. Indeed, franchising literature advocated that franchisees that are satisfied with franchisors are more cooperative and more likely to contribute to the success of the overall franchise system (Roh & Yoon, 2009). This in line and supported by Frazer et al., (2006) in the study on single and multiple unit franchisees, whereby franchisees

should take consideration of franchise system in any decision and part of motivation in franchising.

Researchers also claimed that franchise system is unique entrepreneurial business structure that not only legally binding but it also provided details of economically and operationally obligations between franchisor and franchisee (Chih-Wen, 2015, Brown, et al., 2006). Monroy et al., (2005), cited the fact that the franchise system also part of distribution network at low cost for expanding the business or to provide access into the new market. In addition, the development of franchisor's franchise system required asset intangibility (i.e. trademark, pattern, goodwill) that are important features together with its company and product brands, retail formats and managerial technology. (Stanworth et al., 2004).

According to Asghrian (2013) franchise system is divided into three (3) main categories such as franchise system by product, franchise system by trademark and franchise system by business format. Franchisee usually enters into franchise system due to franchisor proven business format and faster startup of business with minimum risks (Roh & Yoon, 2009). Indeed, many researchers also acknowledged that business format of franchising is the most popular and fast-growing type of franchise system globally and particularly in develop countries such USA and UK (Tikoo, 2005); Mendelsohn, (1995). This is reinforced that since started in 1990 (Alon et. al., (2011), business format of franchising is the completed ways to operate the business model that consists of product or service including franchisor's brands or trademark, support and training system that enable franchisee to start and operate the business in the franchisor's franchise network by paying specific amount of investment cost (Hamid et al., 2003; Tikoo,

2005). Furthermore, under the business format franchising, franchisees have to pay the initial fee and royalties that based on gross sales to be granted the right to operate under the franchise chain at a agree location (Asghrian, 2013). Keen (2015) has further asserted that the business format franchising is created when franchisees are required to operate the business in accordance to specific business systems and brand established by franchisor within specific term of agreement.

However, likes other business concepts, franchise business occurs risks as it also involves different party that buy the franchise business from original founder or franchisor. Apparently, franchisor will be emphasizing on entire franchise system through brand name, standard operation procedures (SOP), system support, marketing, product quality etc. while franchisee usually concern about return objective or performance of their particular outlet. In addition, this likely could create conflicts due to the difference objective between franchisor and franchisee (Boe, Ginalski & Henward et al. 1993). And finally, this also could also contribute to franchisee decision to not continue in franchising business.

Furthermore, franchise system also exposed to the conflict particularly because it involves two (2) distinct legal entities which is franchisor and franchisee that have both shared and competing goals (Lawrence & Kaufmann 2010). Indeed, franchisor that failed to careful planning the franchise system is highlighted as one of indicator to risk and issue associated to the franchising business (Dunham & Toomey 2005; Clarkin & Hasbrouck, 2007). Bernardo (2013) has argued that conflict could also happen from the franchise system due to problem especially when the particular interests of franchisor and franchisee have been interfered. For instance, payment of

royalties that pays to the franchisor, which is based on sales where franchisor tries to increase the volume of franchisee's sales instead of franchisees that prefer to sell product to generate higher profit.

Ekelund, (2014) further emphasized that the transactions between a franchisor and franchisee is a likely more complex than traditional buyer-supplier interaction such as maintaining the value of trademark, conflicts of power and dependence between the parties. This is supported by Weaven and Frazer (2006), where they revealed that the factors of influence franchisee to select the franchise system may not be similar as to influence franchisees to remain or exit in the franchise system. In particular, many researches have shown that retention rate is strongly related to franchisees' satisfaction and commitment that resulted to remain in the existing franchise system (Roh & Yoon 2009).

In summary, because of highly concern with performance and success in the franchising business, the franchisor's franchise system has been considered fundamental to determine franchisee retention (Nijmeijer et al., 2014; Chiou et al., 2004). These include building competitive advantage, decision to continue (Bernando, 2013), trademark and procedures to run business (Khairul Anuar, et al., 2016), level of relationship (Park, Lee & Khan, 2014), distribution network (Monroy et al., 2005) and system comprising trademark, product quality, SOP, training etc. (Alon et al., 2011). Therefore, taking the efforts, money and time by franchisor, this research will later demonstrate how the franchisor franchise system could influence decision of franchisee retention.

3.7 GOVERNMENT SUPPORT

Government plays an important role in making entrepreneurship success (Ahmed, et al., 2005). In addition, globally many governments have also initiated various supports to promote entrepreneurship activities, particularly among small and medium enterprise (SMEs) businesses (Yeng Keat & Shuhymee 2012). Apparently, with the government support had resulted to increase the development of entrepreneurs' businesses and also to ensure the sustainability (Obaji, 2014). In fact, Malaysia government also have launched various supports such as grants and training to promote an increase number of franchisors that participated in franchising business particularly for Bumiputera franchisor (Md Isa, et al., 2012).

Erastus et al., (2014) in the research about SME in Ghana defined government support as institutional body that support and promote SME through financial, business management, technical support and capital for startup and expansion. This also supported such as study by Daskin, (2016) he revealed that government support is a method of supporting and promoting companies particularly in developing countries. Indeed, many researchers indicated and highlighted the roles of government supports towards the entrepreneurial successful (Yeng Keat, et al., 2012; Md Isa, et al., 2012; Ahmed. et al., 2005). Furthermore, Yusof, et al, (2012), claimed that government support plays the important roles to facilitate innovation activities. For instance, government support has introduced to stimulate and promote SMI particularly in dealing with larger manufacturer (Ahmed, et al., 2005)

According to Yeng Keat and Shuhymee (2012) and Moy et al., (2001), they have stated four (4) categories and purposes of government supports. There are 1) Financial support 2) Friendly business environment, 3) Technical support and expand new market and 4) Education and training programs. In addition, these government supports also in line with five (5) major areas of government support and program for SMEs in Malaysia such as financial and credit assistance, technical and training assistance, extension and advisory services, marketing and market research and infrastructure supports (Abdullah, 1999).

Yeng Keat et al., (2012) further stated that government support likely a critical factor of nurturing and promoting entrepreneurship such as providing loans, business facilities, rules and regulations and etc. Furthermore, based on research by Hashim (2012) indicates ten (10) areas of support initiated by government of Malaysia particularly for SME businesses. These government support consists of 1) Soft-loan financial assistance, 2) Matching grant financial assistance, 3) Training, seminars and workshops, 4) Marketing and promotion by government, 5) Government websites and TV programs, 6) Tax benefits and tax exemptions, 7) Business advisory services or one stop center, 8) Government publications, pamphlets, brochures etc., 9) Pioneer status and investment tax allowance and 10) Physical infrastructure and business premise by government. In fact, out of these lists, the highest SMEs benefited were through financial support through soft and matching financial assistance.

In view of the above, it is impossible not to mention or include the roles and responsibilities of government support particularly in franchising. Although franchising is commonly claimed as one of business marketing strategy, especially in developing countries such as the US, UK,

Germany and Japan, but in developing countries such Malaysia still required a lot of government support to ensure that franchising business remain successful especially for Bumiputera franchisors (Md Isa, 2012). This proven and associated with study by Mohd Harif, et al., (2011) that disclosed the importance of government support such as through training support that could elevate the Bumiputera knowledge and practices particularly in franchising. Furthermore, Md Isa, et al., (2012) advocates that with continuous government supports has directed the franchise industry to be one of fastest and safest methods of doing business. Therefore, this could be one way to influence the franchisees decision in franchising (Weaven & Frazer, 2006). In fact, during 2015 budget, Malaysian government had allocated fund of 20 million to enhance and support the franchise system in Malaysia.

Therefore, by enhance the support particularly from government such as infrastructures support, financial support and training support could be an ideal way to make up for existing and new franchisees to remain and grow within the franchising business. These aspects seem to embody and adapted much for social exchange theory (SET) that was highlighted in the previous section. Evidently, it is proven that social exchange theory (SET) may create social behavior that may result in economic and social outcomes. Thus, it is clear that government support likely considered motivators that influence the individual performance in the business (Peterson, 2006). Similarly, Zahariah et al., (2009) advocated that capital assistance and accessibility are among the substantial factors that influence people to start franchising.

Furthermore, Koven and Lyons (2010) have revealed that if business supports are used in a proper manner, it could be to ensure the business retention as well as to acquire the new prospects

in the business. Apparently, with many businesses supports (Zahariah et al., 2009), the franchise system could be one the fastest and reliable business method of doing business (Md Isa, et al., 2012) particularly among entrepreneurs that lack of experience and limited capital. Zahariah et al., (2009) has further revealed that among the significant elements that attract franchisee particularly Bumiputera to purchase franchise business because of personal interest to get more money and also capital support. This finding was consistent with the previous studied by Yeng Keat & Shuhymee (2012) that found the positive relationship between the sizes of entrepreneurship and also venture growth.

Although research on examining government support as a motivator factor for business entity are still lacking (Peterson, 2006), however, several empirical studies attempt to explain about support to enter into entrepreneurship that could encourage sustainability and motivation (Goetz, 2010; Weaven & Frazer 2006). Also, article by Abdul Kadir, McMurra & Peszynski (2010) revealed that among the factors of influencing the sustainability of Malaysia Indigenous (Bumiputera) small firms in technology based were on entrepreneurial skills, experience, knowledge, motivation and also family background. Moreover, Mohd Harif, et al., (2011) revealed that Bumiputera entrepreneurs'' are strongly depending of government and agencies supports to overcome theirs lack business exposure and experience to ensure their sustainability in the franchise business.

On the other hand, although government support is a critical factor in determining the success of entrepreneur business (Mohd Riduwan et al., 2012) however many of entrepreneurs are unaware of the government support through funds or programs and believed difficult to get or maybe just

to ignorant of it (Rose et al., 2006). Goetz (2010) advocated that many of support such as programs by government are struggling particularly to identify the right way to motivate individual or people to change their way of thinking and behavior. Attahir (1995) in the research on critical success factor for small business, cited that government support particularly credit facilities or financing is a critical success factor for many Bumiputera businesses rather than for non Bumiputera. This is corresponded with a study by Peszynski (2010) that revealed that among the factors of influencing the sustainability of Malaysia Indigenous (Bumiputera) small firms in technology based were on entrepreneurial skills, experience, knowledge, motivation and also family background. Furthermore, Attahir (1995) further stated non Bumiputera are more appreciated the government supports by providing basic infrastructures such as training. Indeed, this also in line with study by Nadeau (2000) and Zumbach (1994) that advocated that business support is not the answer for business development and emphasized that total economic growth and business attraction that could boost the business climate.

From the above discussion it can be concluded that government is strongly and actively provides various support to accelerate the entrepreneurial activity particularly among Bumiputera enterprise and business owners including in the franchising industry. In addition, with these activities have found to give a positive impact on performance of entrepreneurs' business (Yeng Keat, et al, 2012; Peterson, 2006), influence franchisee decision in franchising (Weaven & Frazer, 2006) as well as to ensure franchisee retention in the franchising business (Koven & Lyons, 2010). Despite that, there are also an argument that the government support did not reflect franchisees decision to remain in the franchise network because franchisees may have same or different situation either to enter, exit or remain in the franchise network. Therefore,

given the importance of government support towards success of entrepreneurship as well as in boosting the franchising business, this study is considered that government support will influence the franchisee towards the franchisee retention in particular Bumiputera franchisees.

3.8 UNDERPINNING THEORY

3.8.1 SOCIAL EXCHANGE THEORY (SET)

Frequently, several theories have highlighted associate to the franchising research such as the agency theory, resources scarcity and social exchange theory (SET). In addition, most of these theories captured different segments within the franchising contexts such as economic, operation and also social channels. For instance, agency theory described and explained the provision that involve between the principle (franchisor) and agent (franchisee) pertaining to their duties and this likely will be accounted within the contractual agreement between them (Huang, 2004).

In addition, several researches claim that the agency theory was influenced by the economic theories (Ekelund, 2014; Combs and Ketchen, 2003; Combs et al., 2004; Roh and Yoon, 2009) especially due to conflicts of objective, control and power between franchisor and franchisee that result to non-compliance particularly amongst franchisee (Davies et al., 2009; Huang, 2004; Shane 1998). However, given that relationship is one of major point in franchising performance and success (Yong-Ki, Kim, Min-Seong, Jae-Han, & Ki-Taek, 2015), the agency theory could be irrelevant particularly in describing about relationship held between franchisor and franchisee that strongly associate with social interaction context (Ekelund 2014).

Hence, due to some limitation and constraints for unable to fully capture the social issue of relational exchanges within the franchising (Nyadzayo et al., (2011); Combs et al., (2004); Harmon & Griffiths, 2008). Some researchers suggested that social exchange theory (SET) is more appropriate and strongly associated with franchising relationship between franchisor and franchisee instead of economic system (Wright 2007; Tikoo 2005; Etgar, 1978; Strutton, et al., 1995). In addition, SET is the reciprocal action taken by one party in response to action by other party in an exchange relationship (Frazier & Rody 1991). According to Lee et al., (2015) reciprocal refers to exchange of one-party giving benefit to another in return for benefit received. Furthermore, Lee et al., (2015) categorized two (2) dimensions of exchange value that are important in the sustaining the relationship. The first dimension is the instrumental or utilitarian value whereby it refers to the value of the good, service or social outcome and is directly related to utility. For example, the financial incentive provides by franchisor to franchisee to purchase stock or inventories. The second dimension called the symbolic or communicative value. The symbolic or communicative value is value received by the act of exchange involving benefit more than the instrumental value that given by franchisor to strengthen the social relation between them. This includes news or information about new product by franchisors.

Furthermore, Bernardo (2013) in his research also has revealed that reciprocity and mutuality relationship exchange was one of mandatory and carry important roles in franchising relationship to ensure the successful of franchise system. In fact, it widely accepted that franchising also involves social system incur between franchisor and franchisee through close working relationship (Tikoo, 2005). Furthermore, the social exchange theory (SET) is also suggested as way to understand customer patronage (Rensburg, 2014) and thus it likely directed to human

social interaction that establish through close relationship between franchisor and franchisee. Subsequently, it also claims to be directly related and provide significant insight to the franchise relationship (Ekelund 2014; Davies. et al., 2011). Many theorists also agreed that SET has directed towards positive exchange process and lead to generate obligation (Cropanzano, et al., 2005; Emerson, 1976).

Given that brands, franchise system and support of franchisor will create significant value towards the successful and franchising business. Therefore, in order to obtain better performance, enhancing and maintaining the strong relationship of brands, franchise system and support of franchisor could be one of strategy to ensure that franchisee retention and remain in the franchising business for a couple of years and decided to renew the franchise contract. Company that carry strong brand relationship with franchisor likely able to differentiate themselves from its competitors or non-franchise retailers (Nyadzayo et al., 2011). Besides the author also revealed that relationship based on social exchange theory SET is the most appropriate theory to represent the social relationship between franchisor and franchisee in brand management. Since franchising also seems as form of relational exchange (Dada & Watson, 2012). Indeed, Meek, Sramek, Baucus and Germain (2011) claimed that SET has been commonly used to explain on individual and firms enter, maintain and exit relationship.

Furthermore, franchisor support from the SET can be determined through relationship from franchisor in support franchisee in making any decision. In fact, the support franchisor to franchisee involve both initial stage and throughout the franchise agreement (Hnuchek et al., 2013). Moreover, social relationship can also be extended for government support (i.e. financing

support, training, promotion etc) likely as one of motivation tool to accelerate the performance of relationship between franchisor and franchisee. In fact, this also relates to research by Lages, Lascastre & Lages (2008) whereby firms in can practise relationship performance metric as a tool to motivate its manager and teams and thus become reference to any customer relationship process.

Furthermore, Cropanzano & Mitchell (2005), has revealed that, social exchange theory (SET) is directed within three (3) segments which are rules and norms of exchange, resources/offer exchange and relationships emerging. These fundamental ideas surrounded between trust, loyal and commitment attribute that also become importance in building the successful franchise system (Davies et al., 2009; Ekelund 2014; Byrne et al., 2011; Wright 2007). Moreover, according to Davies et al., (2009), trust is prerequisite and important determinants factors of franchise compliance that become the critical factor under the agency theory due to concept of power and dependence. In fact, this also related with the hypothesized research by Ekelund (2014) whereby it revealed that social exchange theory and trust have positive effect in franchise relationship and lead to competitive advantage.

With this view above, the present study applies the social exchange theory (SET) as the principle to best cover and illustrate the key concepts especially in term of relationship between franchisor and franchisee. SET also could overcome complexity in dealing with franchisee in term of independence business, less supervision, variety of products or services, responsibility and right, local or autonomy marketing activities and etc. Furthermore, through understanding principle relationship under the social exchange theory (SET) also helps franchisor to work more effective

and ensure that franchisee is happy and mitigate conflicts that may arrive between them. In addition, this also could encourage the franchisee to retain in franchise business and remain positive to renew once the franchise agreement is expired.

The social exchange theory (SET) by previous researchers in franchise segments is summarized as follows: -

Table 3.2
Summary of previous SET research

No	Researchers	Dimension	Research Setting
1.	Rensburg (2014)	Purchase importance Power Commitment Switching barriers Satisfaction Commitment Trust Communication Conflict harmonization	Client/Customer Retention
2.	Nyadzayo, Matanda & Ewing (2011)	Brand Relationship Brand Image Brand Loyalty Satisfaction	Brand Relationship in Franchising
3.	Davies (2011)	Conflict Trust Compliance	Franchise Relationship
4.	Meek (2011)	Communication Commitment Propensity to Leave	Franchise Relationship
5.	Sanny (2015)	Relational Quality Entrepreneurs Orientation Performance	Franchising Relationship

3.9 CHAPTER SUMMARY

This section begins with the definition of franchising by various authors such as Hoffman & Preble (2004), Seldom (2008), Lafontaine & Blair (2008) and Pineda & Hurtado (2012). Furthermore, the section involved detail and identification of the dependent and independent variables namely franchisee retention, franchisor franchise system, franchisor brand, franchisor support and government support. The explanation of each variable is made between the various authors that develop significant to the research. Finally, this section also explained about the social exchange theory (SET).



CHAPTER 4

RESEARCH METHODOLOGY

4.1 INTRODUCTION

This chapter focus on analyzing data collected. It also highlights and discusses the methodology that is used in the present study to address the theoretical and conceptual framework as well as the research questions including interview protocol for qualitative method. Apart from that, this chapter also describe the proper research design including population, sample size and sampling method together the relevant statistical technique. Finally, the pilot study as well as summary of the chapter.

4.2 RESEARCH FRAMEWORK & RESEARCH HYPOTHESIS

This research is focused on the issue of the franchising business specifically for Bumiputera in Malaysia. With reference of information that is being gathered from the literature review, the researcher employed the explanatory research to increase understanding the cause and effect about the issues of franchising business specifically on Bumiputera franchisee in Malaysia. There are four (4) dominant factors that may predict and influence towards the franchisee retention in Malaysia namely franchisor support, franchisor brands, franchisor's franchise system and government support. Figure 4.0 further indicates the study framework where the independence variables are related to the Bumiputera franchisee retention namely franchisor

support, franchisor brand, franchisor franchise system. Furthermore, government support is highlighted as the moderator in this framework because it shall affect the strength and direction between the independent variable and dependent variable (Baron & Kenny, 1986). In fact, the present of moderator shall also recover inconsistent between the independent variable in order provide more realistic and accurate finding (Baron & Kenny, 1986).

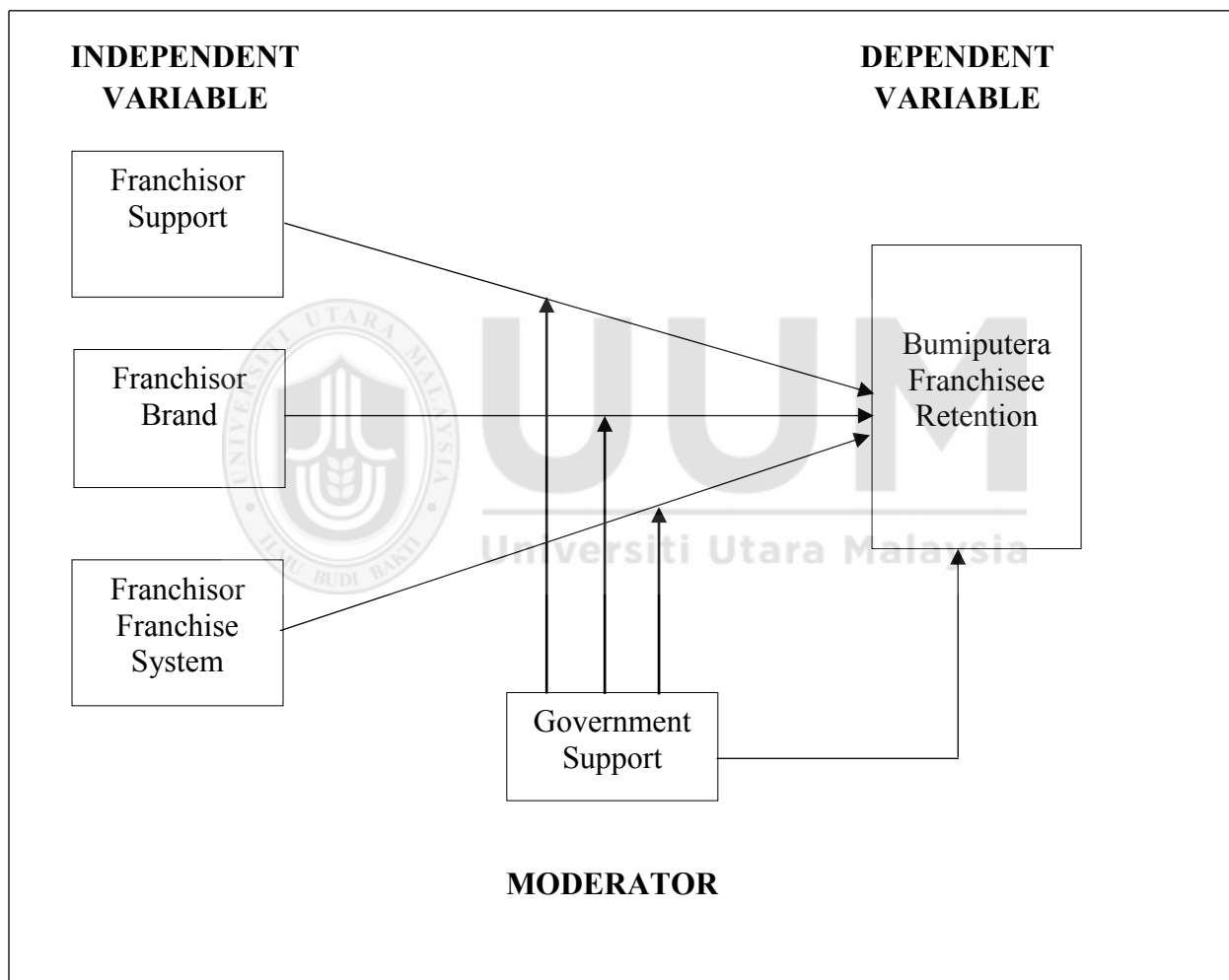


Figure 4.0.
Study Framework of determining factors of franchisees' retention in Malaysia

Hypotheses of the study are as follows: -

- Ha1: Franchisor Support significantly correlate with Bumiputera Franchisee Retention.
- Ha2: Franchisor Brand significantly correlate with Bumiputera Franchisee Retention.
- Ha3: Franchisor Franchise System significantly correlate Bumiputera Franchisee Retention.
- Ha4: Government Support significantly correlate with Bumiputera Franchisee Retention
- Ha5: Franchisor Support has significantly influence with Bumiputera Franchisee Retention.
- Ha6: Franchisor Brand has significantly influence with Bumiputera Franchisee Retention
- Ha7: Franchisor Franchise System has significantly influence with Bumiputera Franchisee Retention.
- Ha8: Government Support has significantly moderated the relationship between Franchisor Support and Bumiputera Franchisee Retention
- Ha9: Government Support has significantly moderated the relationship between Franchisor Brand and Bumiputera Franchisee Retention.
- Ha10: Government Support has significantly moderated the relationship between Franchisor Franchise System and Bumiputera Franchisee Retention

The summary of the above hypotheses is depicted in the following figure 4.1

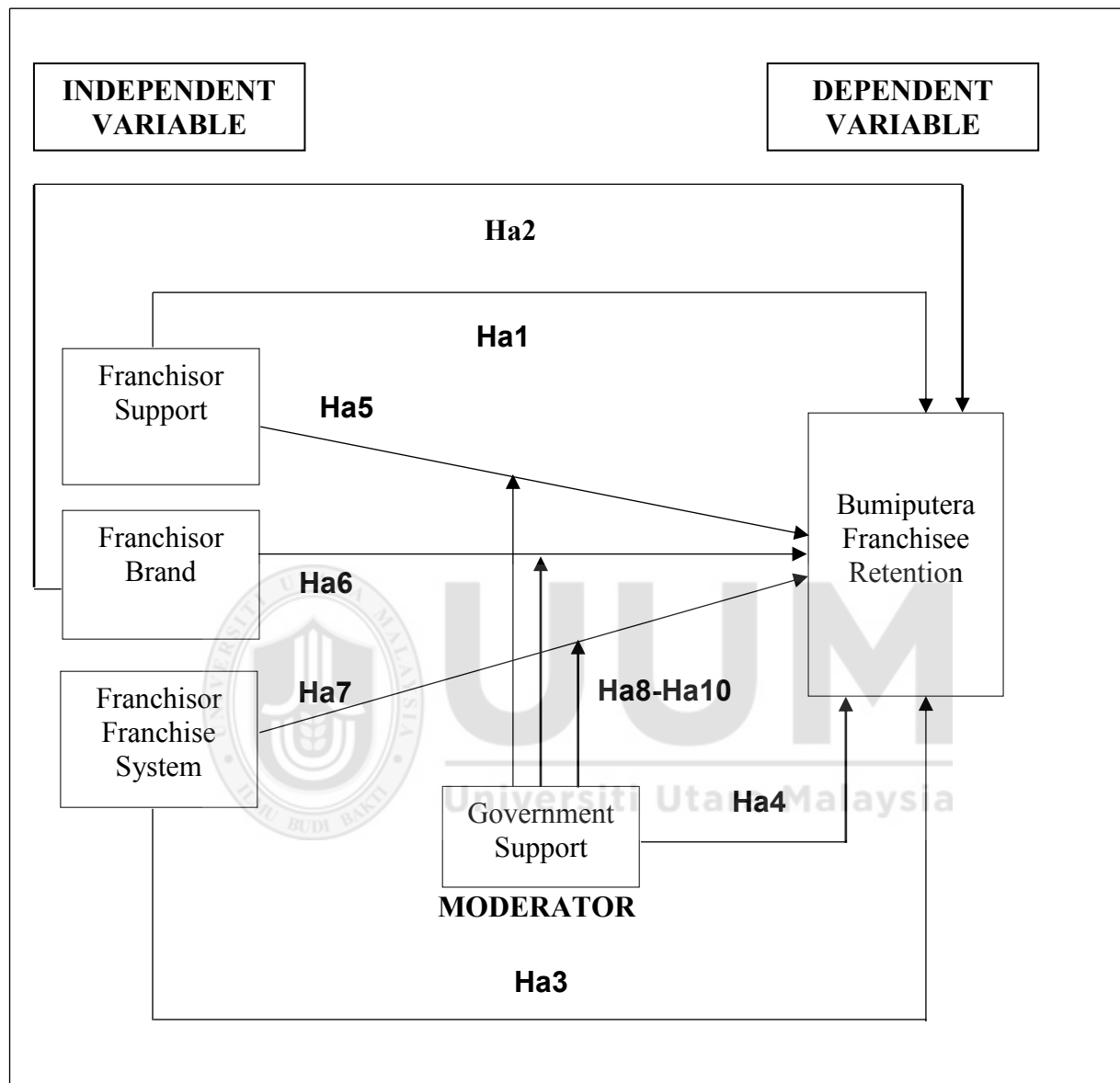


Figure 4.1
Research Hypotheses Framework

4.3 RESEARCH DESIGN

According to Onwuegbuzie and Collin (2007), the basic methodology choices fall under two (2) main approaches which are the qualitative research and quantitative research. The qualitative method aims of subjective inputs and often without and less numerical data compared to quantitative which is likely based on historical data (Stevenson & Chuong 2007). Furthermore, Stevenson and Chuong (2007), also claimed that development of model in quantitative method has produced underlying variable (explanatory) that make a forecasting process become much easier. The quantitative research also describes, explains and test relationship between variable and also established fact through hypotheses or theory to be tested (Castellan, 2010). In addition, this simply express that the quantitative research involves an objective way of studying things while qualitative research takes a very subjective approach.

Besides of quantitative and qualitative research, another common method in social science is the mixed method research that refers to the combination of quantitative and qualitative research (Plano Clark, 2008). The mixed method provides better understanding of research problem by combining both methods instead of single approach on either qualitative or quantitative (Clark 2008; Creswell 2005). Creswell and Clark (2007) also affirmed that there were four (4) major designs under the mixed method which were triangulation, explanatory, exploratory and embedded.

In addition, in this present study, the researcher used the Sequential Explanatory Mixed Method due to it explanatory in nature. Besides of that, the Sequential Explanatory Mixed Method also

gives researcher better explanation and support particularly on the unexpected result in research questions. In fact, several studies (Clark, 2008; Morse, 1991) also support the idea that explanatory design is suit when the researcher needs qualitative data to explain initial on quantitative finding. According to Creswell et al., (2003), this approach consists of two (2) distinct method of quantitative and qualitative phase in which the quantitative data and qualitative data are carried out in sequence started with the quantitative data collection and followed with qualitative data collection at the end of the final stage. Han and Heng (2013) also asserted that within this approach, the statistical result from quantitative will be analyzed first subsequently followed by data from qualitative approach which is collected and analyzed later in sequence. Table 4.1 exhibit the summary of the Sequential Explanatory Mixed Method that used in this study.

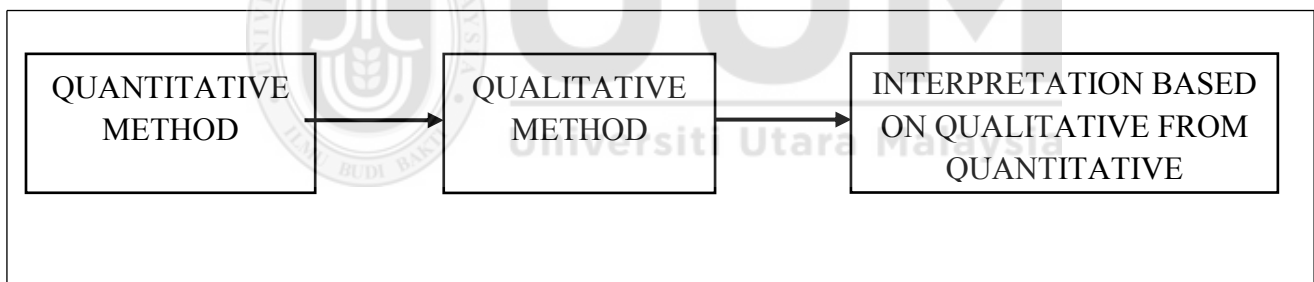
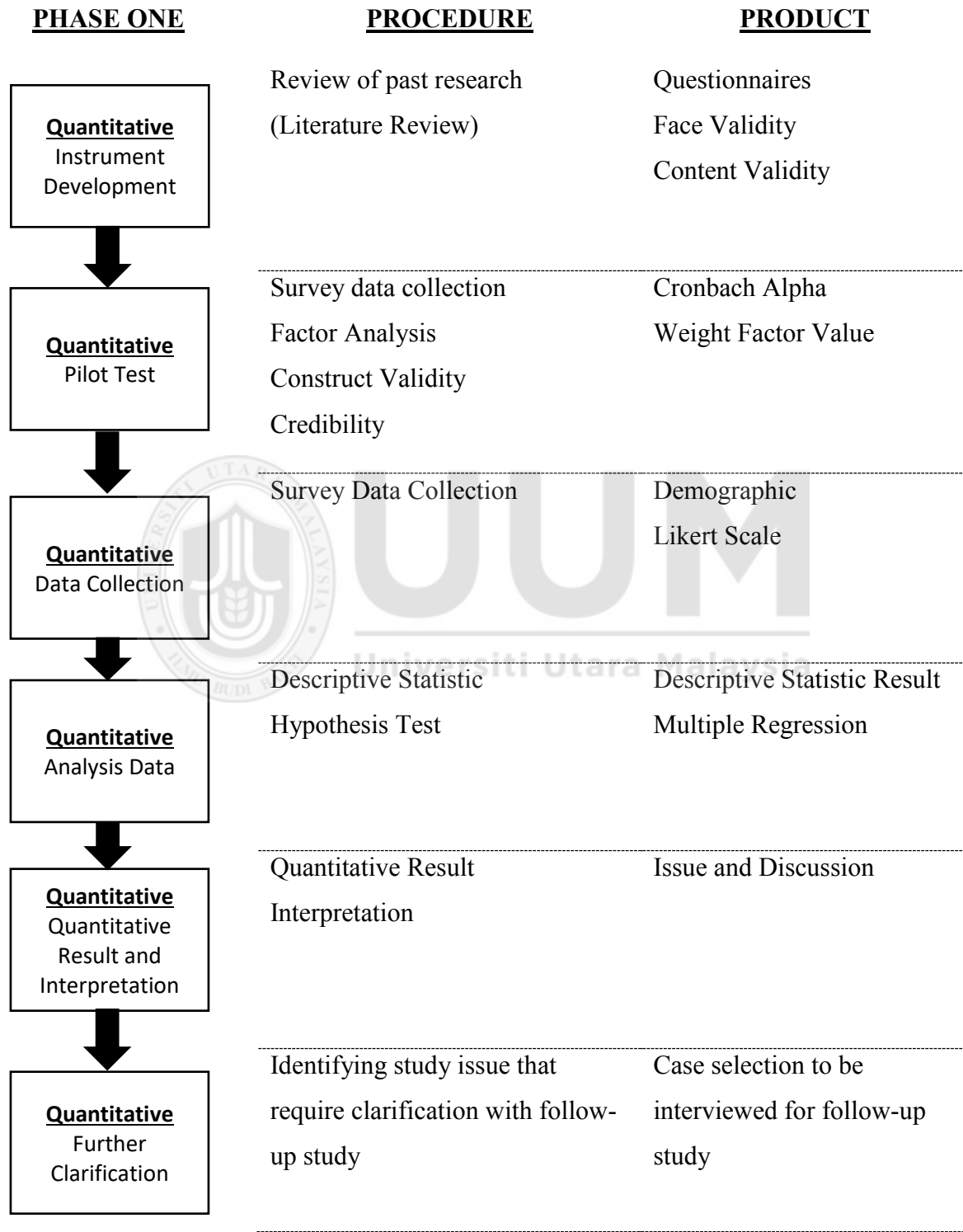
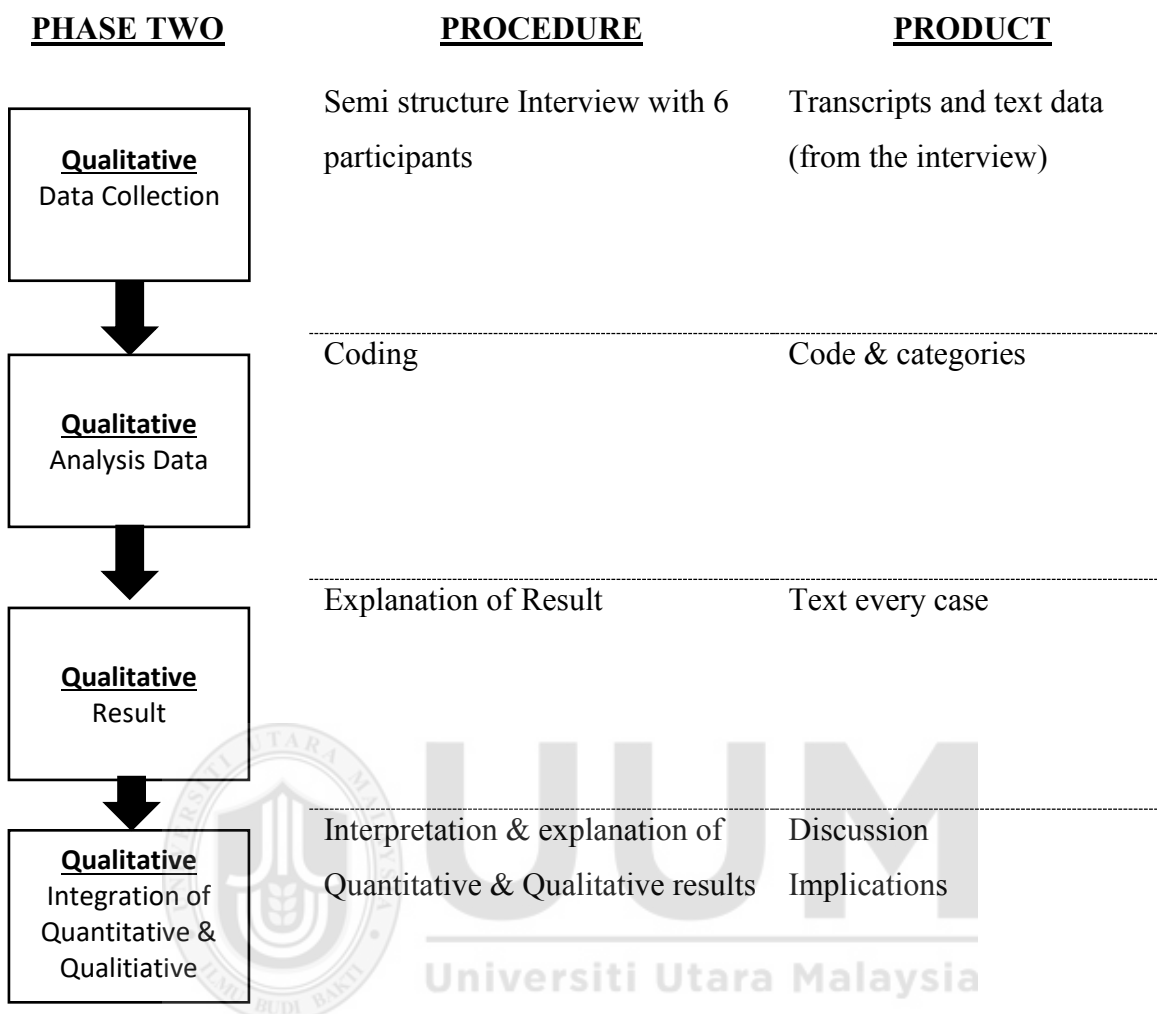


Figure 4.2
The Sequential Explanatory Mixed Method
Source: Creswell and Clark (2007)

Table 4.1

Combination of Quantitative Data and Qualitative Data by Sequential Explanatory Mixed Method





Source: Creswell and Clark (2007)

In order to answer the research question in this study, the combination of quantitative method and qualitative by Sequential Explanatory Mixed Method was employed (Han P.F. and Heng L.S., 2013). In fact, the result of quantitative based on statistical test had not adequately appropriate and cover the scope of the research questions in the study. In addition, by combining the quantitative and qualitative approach will complement each other and provide the overall answers of the research questions (Han & Heng 2013; Johnson & Turner, 2003). Furthermore, by applied this approach will also assist the researcher to answer the research questions that unable to resolve in quantitative method (Creswell et al., 2003). Similarly, this approach also

been used by few researchers such Han and Heng (2013) whereby they had research on relationship between satisfaction and project performance as perceived by fifty-two (52) respondents among Project Manager in Malaysia.

Therefore, to summarize the process of the research design is divided into two (2) main categories of quantitative research and qualitative research. In addition, to kick-start the research, the researcher will employ the quantitative method through questionnaires and data collection will be tested and analyze first. The second phase, the semi-structure interview is conducted with six (6) to seven (7) same respondents to support and explain on the phenomenon that have been identified in the quantitative method. In fact, this finding will help the researcher to explain findings from the questionnaires (Bowen et al., 2017).

Subsequently by the qualitative through text data which is collected and analyzed later in sequence. Furthermore, although this research and survey design almost similar to Sequential Explanatory Mixed Method explained by Creswell and Clark (2007), the qualitative method through semi-structured interview will be used in the second phase to support and further elaborate on the phenomenon that have been identified in the quantitative method. Therefore, the interview method in this study will not as heavy as interview method used in real qualitative study. In this case, the researcher also will identify six (6) to seven (7) same respondents to be participated in second qualitative phase.

4.4 POPULATION AND SAMPLING

The population of this study is franchisees listed under the financing scheme with Perbadanan Nasional Berhad (PNS) from 2010 to 2015. As a lead government agency in franchising business in Malaysia particularly for development of the franchising industry, PNS offers franchise financing only to Bumiputera to start the franchising business. In fact, these franchisees were considered appropriate as a population and be selected due to its significant contribution to overall the franchising business in Malaysia particularly from Bumiputera perspective.

Moreover, majority of Bumiputera franchisees started their franchising business from the financing provided by PNS compared to other financial institutions. One of the significant reasons, PNS is offering attractive financing rate and minimal business evaluation compared to normal financing institutions to finance the franchising business. For this purpose, the selection of population is taking from franchisees whose have franchisee loan / financing from year 2010 -2015. In this case it refers to 352 active Bumiputera franchisees (i.e. Table 1.1)

4.4.1 Sample Size

According to Sounders, Lewis and Thornhill (2009), the decision to generalize statistical about regularities in human social behavior required the sufficient numerical size. Bryman and Bell (2003), have cited that the decision about the sample is likely not a straightforward one because it depends on a number of factors such as cost, time and the need of precision and there is no one with definite answers. Furthermore Aaker et al., (2001) has revealed that a common

misconception is that a “good” sample should include relatively with high percentage of sampling frame. In fact, it is very important to select an appropriate sampling technique to assures that researcher is choosing a “good” sample for the study that he/she wants to make. Apparently, the consequences of using smaller sample will result more convergence failures, improper solutions and lowered accuracy of parameter estimates (Loehlin, 1992) and result to error in generalizing the population (Sounders et al., 2009).

Although with various opinions exist about the appropriate sample size for quantitative methods, probably one of the best methods to measure the sample size is using the factor analysis and multivariate analysis. For instance, Hair et al. (2010) revealed that the minimum sample size is required to be at least five time greater than the observed variable for applying factor analysis. Hair et al. (1998) also further recommended that appropriate sample size for model estimation is a size from 100 to 200. This also supported by Hing (1995) and Lafontaine and Kaufman (1994) that reported used of 130 respondents for sample size in the research. Furthermore, Harris and Schaubroeck (1990) claimed that a minimum sample size of 200 to guarantee robust structural equation modeling (SEM). Unlike to Krejcie and Morgan (1970) whereby determining of estimate sample size is based on the sample size table for a given population. For example, for the sampling size for a population of 352, the estimate sample size is to maximum of 186. However, the estimated sample size calculated by Cohen (1992) revealed that 120 sample size is sufficient to answer the research objective using statistical analysis (i.e. correlation analysis and multiple regression). Therefore, in this present study, the researcher used the 125 sample size as summarized in the below table.

Table 4.2
Summary of Sample Size

Item	No	Remarks
Target Population	352	
Sample Size	125	186 – Krejcie and Morgan (1970); 120 – Cohen (1998); 100-200 – Hair (1998)
Percentage	35.5%	

The researcher undertakes the sequential approach where two (2) categories of data collection from the sampling are adapted which are the quantitative phase and qualitative phase. In fact, in the first phase, all active franchisees from the PNS database from 2010 to 2015 were used in this study to select the sample. In fact, these franchisees are considered cover all over Malaysia and independently owned the franchise businesses. Besides, they also represented various business sectors or brands in the franchising business and considered appropriate due to their authority and responsibilities as the franchisees owner. Based on the questionnaires sent respondents, the sample of 125 questionnaires had received and been selected from the sampling frame.

In the second phase where the qualitative method is employed, the researcher used the statistical analysis and finding in the first phase to follow up the result. The sample are selected from the previous respondents based on criteria such as nature or sector of franchise business, years of franchise experience and number of franchise outlet that will contributing to data and information in the present study. In fact, the qualitative data can enhance and enrich the findings and helps to generate new knowledge (Bowen et al., 2017). Similarly, Creswell and Clark (2003) also has elaborated that data collection in the explanatory design mixed method exist from the linked of

the quantitative result. Therefore, in this present research, the researcher is collected and analyzed the quantitative numeric data before proceed with the qualitative method to support, explain and follow-up the findings of the first quantitative phase. Furthermore, this sequential approach was found to be sensible and practical way of undertaking the research where questionnaires was undertaken first followed by the interview (Bowen et al., 2017).

4.4.2 Sampling Technique

Jawale (2012) indicated that there are two (2) general approaches of sampling which are 1) probability sampling and 2) non-probability sampling. Probability samples are those based on simple random sampling, systematic sampling, stratified sampling, cluster/area sampling whereas non-probability samples are those based on convenience sampling, judgment sampling and quota sampling techniques (Kothari, 2004). Probability sampling will ensure that all population and items have an equal chance of selection from a sampling frame (Onwuegbuzie & Collins 2007). In contrast, non-probability sampling is arbitrary (non-random) and subjective whereby each of member does not have an equal chance of being included (Etiken, 2016) and thus cannot be expected to reflect the entire population.

In addition, in this present research study, the sampling is carried out by applying the simple random sampling to select sample of population in franchising business. The simple random sampling was based on active Bumiputera franchisees that obtained financing from Perbadanan Nasional Berhad (PNS) under franchisees financing scheme for all categories of franchising business such as food and beverages, clothing and accessories, service and maintenance, learning

center and nursery, health and beauty and others. Indeed, since franchising business information in Malaysia is lacking and most data are not statistically established (Mohd Harif, et al., 2011) therefore the simple random sampling from PNS information is required to obtain inference and to support the research.

Furthermore, the reason for using simple random sampling method have been well documented by Jawale (2012); Collins (2006); Teddlie, et al., (2007) and Kotler, (2000) where simple random sampling was effectively used as a foundation of all types of random sample are based and least biased since all element in population have an equal chance of being included. Furthermore, Cochran (1977) also revealed that random sample sampling likely helps to improve precision and commonly use as principle in sampling technique.

This study attempted to examine the relationship of franchisor's attribute which are franchisor support, franchisor brand, franchisor franchise system and government support and franchise retention in the franchising industry in Malaysia. Therefore, a simple random study incorporates with quantitative method study been identified to be an appropriate approach to achieve the best results in addressing the research questions.

4.5 MEASUREMENT OF THE STUDY

In this present research, two (2) categories of instruments are identified and developed as follows: -

- i. Questionnaire Instruments
- ii. Protocol Interview for Previous Respondents

4.5.1 Questionnaire of the Study

There are twenty-six (26) measurement items that are taken directly or adapted from previous studies. The 5-point Likert scale consisted of five sections relating to the following issues such as strongly agree, agree, partially agree, disagree and strongly disagree. Apart from this, respondents' general information such as gender, age, highest education, business and franchising experiences, type of industry, location and etc. that related to respondent's interest in examine franchisee retention were also included for the study.

4.5.1.1 Measurement of Franchisee Retention

Retention and loyalty are two (2) similar fundamental marketing relationship issues particularly related to customers. In fact, within franchising contexts, a franchisee is can be recognized as the customers who owned the franchise business besides of normal customers of the final products or services (Redondo et al., 2011). Furthermore, since many highlighted commitments

as one of most critical variables for understanding the strength of a buyer-seller relationship or to continue a relationship with the franchisors (McDonnell et al., 2010) or one of critical factor to determine the franchise retention that contributed to remain in the existing franchise system (Yoon, 2009). Therefore, the measurement of franchisee retention is proposed and adapted from Meyer and Allen (1997) where it described retention on the context of relationship marketing from affective, continuance and normative commitment. According to Meyer and Allen (1997), who was first to study organization commitment, suggested that organization degree of commitment could be seen as the extent to which they reflect an affective orientation with the desire to extend the relationship toward the organization (affective), recognition of costs associated with leaving the organization (continuance) and moral obligation and attitude to remain with an organization (normative).

Furthermore, Lee, et al., (2010) also proposed satisfaction element to be two (2) additional dimensions that are satisfaction and communication to complement the Meyer's dimension of commitment. In fact, from the perspective of relationship, satisfaction and communication are two (2) key factors that associate to the success of long-term relationship. For instance, satisfaction was highlighted in several studies such as retention (Nurul, Syaqirah & Putra Faizurrahman, 2013; Khan, 2012), relationship performance (Ng, 2014) and product performance (Kotler & Armstrong, 2006).

However, in this research, the researcher has adapted only the continuance commitment under Meyer and Allen (1979) and satisfaction (Gauzente, 2003) for the franchisee retention construct to be associated on the franchising business. In fact, there was no mutually exclusive that all

components (i.e. affective, continuance and normative) commitment were simultaneously committed to the organization but it could vary depending the level of intensity (Meyer & Allen 1979) for instance in the franchising business. Some example of items in this scale include, “It would be very hard for me to leave the franchise business right now, even if I wanted to”, “too much of my life would be disrupted if I decided I wanted to leave the franchise business right now”, “I am satisfied with how I use my personal qualities” and “I am satisfied with how I make decision on my own initiative”. These items were measured on a five-point Likert scale (1= Strongly Disagree, 2 = Disagree, 3 = Partially Agree, 4 = Agree, 5 = Strongly Agree).



Table 4.3
Franchisee Retention Measures

Construct	Operational Definition	Measure	Original Source	No. of items	Instrument	Cronbach's alpha
Franchisee Retention	Sense of obligation to remain in relationship through affective, calculative and normative commitment, satisfaction and communication	Continuance Commitment and Satisfaction	Meyer et al., (1993), Gauzente (2003),	8	<p><u>Continuance Commitment</u></p> <p>Q1. It would be very hard for me to leave the franchise business right now, even if I wanted to.</p> <p>Q2. Too much of my life would be disrupted if I decided I wanted to leave the franchise business right now.</p> <p>Q3. Right now, staying with the franchise business is a matter of necessity as much as desire.</p> <p>Q4. I feel that I have too few options to consider leaving the franchise business.</p> <p><u>Satisfaction</u></p> <p>Q5. I am satisfied with how I use my personal qualities.</p> <p>Q6. I am satisfied with how I make decision on my own initiative.</p> <p>Q7. I am satisfied that my work offers me a feeling of achievement</p> <p>Q8. I am satisfied with my income in relation to the work I do.</p>	0.81

4.5.1.2 Measurement of Franchisor Support

Franchisor support is important tool given by franchisor to its franchisee either for initial or throughout the franchise contract (Hnuchek, et al., 2013). In fact, it is also one of important elements in establish the strong relationship within franchising business (El-sayed, K. , Tang, CH., and Jones, E., 2015). Among the support provide by franchisor including during pre-opening and ongoing support such basic skill and management training, business assistant such site location, sales forecast, electronic communication (Roh & Yoon, 2009). In addition, in this study franchisor support was defined from Altiney (2014) and Grace (2013) which consists of six (6) elements that important to evaluate on franchisor support. This includes the measurement about support towards facilities, marketing and operation guidelines. These items used measured on a five-point Likert scale (1 = Strongly Disagree, 2 = Disagree, 3 = Partially Agree, 4 = Agree, 5 = Strongly Agree).

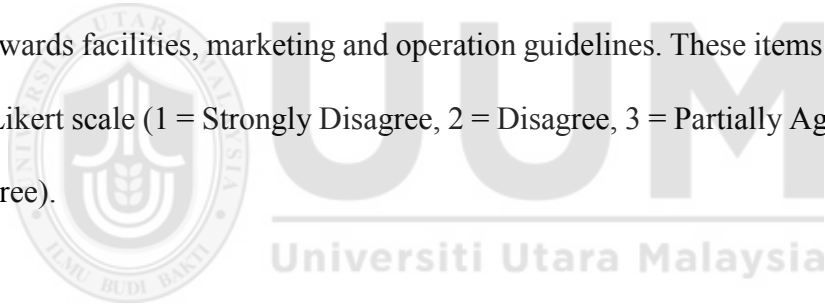


Table 4.4
Franchisor Support Measures

Construct	Operational Definition	Measure	Original Source	No. of items	Instrument	Cronbach's alpha
Franchisor Support	Level of satisfaction and confidence received by franchisee in relation to support by franchisor (i.e. training, start-up support, finance, supply networks and marketing.	Training, start-up support, finance, supply network and marketing	Altinay (2012)	6	Q9. My franchisor supports the marketing activities. Q10. My franchisor supports the facilities for my franchise unit. Q11. My franchisor supports the maintenance for my franchise unit. Q12. When I have a problem, my franchisor is there to solve my problem. Q13. My franchisor understands my needs. Q14. My franchisor supports me as possible as he can	0.80

4.5.1.3 Measurement of Franchisor Brand

From the franchise perspective, brand is an area of increasing importance for franchisee, particularly as decision to stay or retain such in hotel industry (O'Neill & Matila, 2010; Prasad & Dev, 2000). Furthermore, Chen (2011) has advocated that brand is one of the elements of

customer retention and thus particularly a franchisee in franchising relationship. In addition, one of the many interesting question facing is how franchisor plays an important role to develop a better understanding of franchisee retention particularly in relation to the antecedents to franchisee retention especially in marketing perspective. Therefore, the measurement was adopting from (Barthe'lemy 2008) whereby the brand is measure in terms of recognition and strength and also competitive advantage against its competitors. Later, brand was measured using measured on a five-point Likert scale (1 = Strongly Disagree, 2 = Disagree, 3 = Partially Agree, 4 = Agree, 5 = Strongly Agree).

Table 4.5
Franchisor Brand Measures

Construct	Operational Definition	Measure	Original Source	No. of items	Instrument	Cronbach's alpha
Franchisor Brand	Franchising business should contain resources that have strong brand and tacit (i.e. difficult to copy) to ensure organization competitive advantage and improve performance.	Strength and competitive advantage	Barthe'lemy (2008)	4	Q15. My franchisor is the best brand in the industry. Q16. My franchisor enjoys higher brand recognition than do competitors. Q17. My franchisor brand has good reputation nationally. Q18. My franchisor is the first choice when considering product or service from my customer perspective.	0.84

4.5.1.4 Measurement of Franchisor Franchise System

Franchisor Franchise System in this study was evaluated and adopted from Ulaga and Eggert (2006) whereby three (3) items were used because it is considered the most appropriate in order to measure franchisee retention from the context of franchise system. The measure used of franchisor franchise system was been categorized into three (3) major dimensions under the competitive advantage. These items were measured on a five-point Likert scale (1 = Strongly Disagree, 2 = Disagree, 3 = Partially Agree, 4 = Agree, 5 = Strongly Agree).

Table 4.6
Franchisor Franchise System Measures

Construct	Operational Definition	Measure	Original Source	No. of items	Instrument	Cronbach's alpha
Franchisor Franchise System	Relationship value is determined by two fundamental dimensions (cost and benefit) and three (3) levels of driver that are core offering, sourcing process and customer internal operations.	Relationship Value	Ulaga & Eggert (2006)	3	Q19. The relationship with my franchise system is more valuable. Q20. The franchisor creates more value in the franchise system when I compare all the costs of the relationship. Q21. The franchisor creates more value in the franchise system when I compare all the benefits of the relationship.	0.82

4.5.1.5 Measurement of Government Support

The support is essential variables for retention and accelerating the long-term survival of this franchising relationship. In this study, the support was measured to capture the support from the business perspective based on Erastus, Stephen & Abdullai (2014). The instrument contained items identified by the literature as measuring government support on financial, technical support and business management training program. The objective of the items consists of 1) To measure the adequate financial support, 2) To help firms or organization receive proper training that improve the business 3) To refer organization received support such technical assistance that could help organization to improve or expand operation and 4) to help new business startup decision such launch new business or for expansion. Further, these items were measured on a five-point Likert scale (1 = Strongly Disagree, 2 = Disagree, 3 = Partially Agree, 4 = Agree, 5 = Strongly Agree).

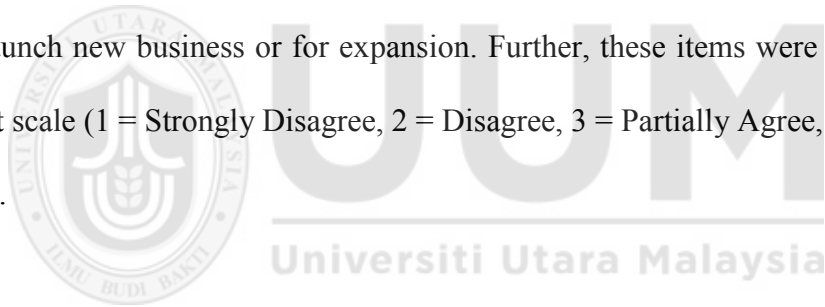


Table 4.7

Government Support Measures

Construct	Operational Definition	Measure	Original Source	No. of items	Instrument	Cronbach's alpha
Government Support	Government support is important to support the promoting the business.	Financial, technical support & business management training program	Erastus, Stephen & Abdullah (2014)	5	<p>Q22. I received adequate financial support from government.</p> <p>Q23. I received adequate business management related training from government.</p> <p>Q24. I received useful technical support from government.</p> <p>Q25. I received adequate capital for start-up from government</p> <p>Q26. I received adequate capital for expansion from government</p>	0.82

4.5.2 Protocol Interview for Previous Respondents

In order to further clarify and explain the result in the first phase, the semi-structured interview is conducted from the finding in the quantitative result from the first phase of the study. In fact, six (6) to seven (7) respondents from the same respondents in the quantitative research are selected for the qualitative semi-structured interview session. Although this research and survey design almost similar to Sequential Explanatory Mixed Method explained by Creswell and Clark (2007), the qualitative method through semi-structured interview will be used in the second phase will not as heavy as interview method used in real qualitative study.

Therefore, in order to conduct the semi-structured interview, the list of semi-structured interviewed must be prepared. Clark et al., (2008) claimed that the development of questions must followed the data collection protocol for both quantitative and qualitative method so that it addressed the same issues. Similarly, Bowen et al., (2017) and Willig (2008) also stated the semi-structured interview combined from formal and informal interviews that emphasize on personal experience in which it shall lead substantial finding. Furthermore, the questions for semi structure interviewed must allow flexibility and simple cannot be planned because it varies depending on respondents' answers (Wengraf 2001). Therefore, the researcher is developed protocol for semi-structured interview that consists both significant and non-significant variables including the moderator.

Six (6) semi-structured interview questions were asked on the significant hypothesis and non-significant hypothesis i.e. 1) How Franchisor Franchise System contribute to Franchisee

Franchise System? 2) Why Franchisor Franchise System influences Bumiputera Franchisee Retention? 3) How Franchisor Support and Franchisor Brand do not influence Bumiputera Franchisee Retention? And 4) Why Franchisor Support and Franchisor Brand do not contribute to Bumiputera Franchisee Retention? To obtain the content validity and reliability of the interview protocol, the semi-structured interview was reviewed by a lecturer from Universiti Utara Malaysia (UUM) who is an expert in entrepreneurship and also qualitative studies. In fact, during the semi-structured interview session, all questions were followed the interview protocol built, listening & observation and recording the answers (Creswell 2005). The following is the list of the semi-structured questions for this research.

Question 1.

What make you enter the franchising business? Is it because franchisor support, franchisor brand and franchisor franchise system?

Question 2

After you enter the franchising business, how your organization (i.e. franchisee) considered franchisor attributes such as franchisor support, franchisor brand and franchisor franchise system help in your franchising business.

Question 3.

Out of franchisor attributes listed, which you think that most critical to the successful of Bumiputera franchisee retention? And why it is so important?

Question 4.

Has your company received any supports and assistance from government?

- I. What type of support and assistance you received in the franchising business?
- II. When did you received this government support and assistance for the franchising business?
- III. What other things you want government to support or assist in ensuring the successful of the franchising business?

Question 5

Did you feel satisfied and want to continue with a new term with the same franchising business? and Why?

Question 6

Are there other things that you feel important to share with me related to your experience of running the franchising business?

4.6 DATA COLLECTION PROCEDURES

The survey was conducted over three (3) months from November 2017. The simple random sampling method was used to obtain the primary sampling frame of franchisees in Malaysia. The total 352 active franchisees were identified from franchisees accounts from 2010 to 2015 under Perbadanan Nasional Berhad (PNS) as the leading agency under the Ministry of Domestic Trade,

Cooperative and Consumerism (MDTCC) in development of franchise industry in Malaysia. In addition, a total of 125 franchisees responded to the survey questionnaires. In sample size of 352 active respondents were sufficient to represent the population as highlighted by Hing (1995) to use the sample size of maximum to 130.

The questionnaires had been sent to franchisee either through face to face meeting, mailed and email at franchisees correspondences outlets, email addresses or register offices that registered once franchisee applied the financing from PNS. Furthermore (Kotler, 2000; Kotler, 2000) has revealed that the mail questionnaire is the best method to reach people especially those who avoid personal interview and avoid bias or distort. And also, in some circumstances, franchisor had been contacted to get the latest addresses and contacts of the franchisee's offices or outlets.

The survey took approximately 15 to 20 minutes to complete. The completed surveys were returned by the franchisees to the researcher using the self-stamped envelope provided earlier. The researcher expected that the majority of responses were to be received during the three (3) months period after the survey had commenced. Any responses received after this period was considered late response and will not be accepted. In addition, after the stage of descriptive assessment through questionnaire from the franchisees that provided required data from the sample.

4.6.1 Qualitative Analysis: The Sequential Explanatory Mixed Method

Under the Sequential Explanatory Mixed Method, the qualitative is developed based on 1st phase (i.e. Quantitative Analysis) result is collected. In fact, the qualitative is a sequence from Quantitative Analysis to explain and elaborate the result from Quantitative Analysis that prior tested (Han & Heng, 2013; Creswell, 2005).

The semi-structured interviews were undertaken in from September 2018 to October 2018. Prior to the interviews, the researcher has contacted the interviewees that selected among the previous respondents of quantitative phase requested to conduct an interview. The interviews were carried out person to person whereby the video and audio recording through iPhone 7 is prepared. Each recording was then transcribed. According to Bowen et al., (2017) there were no specific numbers of interviewees for the interview. Furthermore, he also claimed the highest number of interviewees were forty-eight (48) and a minimum was only one (1) interviewee. In addition, in this study, the researcher was managed to interview six (6) interviewees among the franchisees such in Kuala Lumpur and Johor.

4.7 DATA ANALYSIS

The data for this study were collected through descriptive research design in which data are analysis and tabulated through Statistical Package for Social Science (SPSS). This the descriptive analysis is appropriate statistical analysis because it involves techniques from

describing data such as total, percentage, variance, mean, frequency distribution and standard deviation that later used in the research.

Later, the Explanatory Factor Analysis (EFA) was performed to validate the factor reflecting the underlying theoretical construct since most of the items are developed based on previous study thus it is important to that items are properly connected to the basic factor (variables). The factor loading of all items was performed to see the relationship between the variables. Further, the Cronbach's alpha was used to investigate the internal consistency reliability through a set of questionnaires. Reliability analysis with Cronbach's alpha was computed for the variables measuring the same dimension to provide evidence of reliability. Nunnally (1994) has suggested that alpha coefficient of 0.7 and above were acceptable, while coefficient of 0.9 or above are indicate good reliability. In fact, all constructs measure in the pilot study had alphas greater than 0.7. Thus, it suggested that most scales used in the research demonstrate reasonable level of internal consistency.

In the stage, the Pearson Correlation was seen as appropriate to analyze the relationship between the dependent variable and independence variable. Then, the multiple regression is employed to analyze the relationship between one dependent variable with few independence variables. Finally, the hierarchical regression analysis is added to assess the moderating effect of government support on the relation between the independent variables of franchisor support, franchisor brand and franchisor franchise system.

4.8 PILOT STUDY

The goal of the pilot study is to ascertain the suitability and applicability of the measurement scales in this study before the main data collection to ensure the respondents understand the questions. In other words, the pilot study is essential for prior assessment of the reliability of the measurement scale and ensuring respondents understand the questions asked. Furthermore, pilot study helps to establish the procedures and parameters, clarify instructions, determine the appropriate levels of the independent variable, and also determine the reliability and validity of the variables (Teijlingen van et al., 2001).

Therefore, in this recent study, the pilot test had been carried out prior to the final questionnaire. In total fifty (50) respondents consist of few department heads at various division at Perbadanan Nasional Berhad (PNS), franchise consultants, franchisors, pre-franchisors, franchisees and franchisees. In fact, through the pilot test particularly among experts in the franchising business fraternity had selected to confirm content validity of the measurement used in the questionnaire. Furthermore, according to Hair et al., (2010), a pilot test for similar respondent in this case franchisees shall also benefit especially to screen instrument/items for appropriateness. The following is the summary of reliability result for Pilot Study and also comparison against the establish constructs measures.

Table 4.8
Summary of Reliability Result for the Pilot Study

Construct	No. of items	Cronbach's Alpha
Franchisee Retention	28	0.92
Franchisor Franchise System	5	0.92
Franchisor Brand	4	0.91
Franchisor Support	13	0.97
Trust	6	0.96
Government Support	5	0.96
Total	61	

4.9 CHAPTER SUMMARY

In conclusion, research methodologies were used in collecting, analyzing, and interpreting data. Computer software, SPSS was used to assist in analysis and interpretation. First, questionnaire was used to obtain more accurate information from the large group of respondents followed by semi-structured interview sessions with the same respondents to verify and support the statistical answers. In fact, the pilot study result had also been established to check and clarify questions in the research. Furthermore, primary data, secondary data likes journals and reference books were used to help researchers to better understand the topic which was being investigated. Target population, sampling frame and location, sampling elements, sampling techniques and sample size were discussed in the earlier part. Finally, the construct measures were also explained and discussed.

CHAPTER 5

DATA ANALYSIS AND FINDINGS

5.1 INTRODUCTION

This chapter present and discuss a descriptive of the respondents together provide outcome from the analysis based on SPSS computer software. This chapter begin with the descriptive statistic and profile of the franchisees based on sample of 125 responses that participated in the study. Subsequently, the reliability and validity of the measure are tested and discussed. Finally, the structured model with the hypothesis are examined and tested through correlation, multiple regression and hierarchical regression.

5.2 RESPONSES

For this study, 352 set of questionnaires were sent and distributed among Bumiputera franchisees based on the abstract data from Perbadanan Nasional Berhad (PNS) through mail and online questionnaires. The data collection began in November 2017 until 20 March 2018. In addition, from the total 352 questionnaires sent, 227 or 64.5% respondents failed to return and left only a total of 125 or 35.5% franchisees had answered and returned the questionnaires. This number of samples is associate and more than enough for the sample size that recommended for model estimation between from 100 – 200 (Hair et al. 1998). Table 5.1 below exhibit the total respondents that represent franchisees Bumiputera in Malaysia

Table 5.1
Percentage of Respondents of Franchisees Bumiputera in Malaysia

Item	No of Questionnaire	Responses			
		Unreturned No.	Rate (%)	Returned No	Rate (%)
Bumiputera Franchisee/PNS Borrower	352	227	64.5%	125	35.5%

5.3 DATA SCREENING

In order to ensure all data inputs are accurate the process called data cleaning and screening are recommended to be executed. In summary the data is examined for missing data, recoding negative items, univariate and multivariate outliers, homoscedasticity and normality.

5.3.1 Missing Data

The initial screening found the missing data in the study. From initial screening of the data set, the researcher found the questionnaires with the missing data for “Age2”, “HBsness4” and “Hinds5”. Researcher had decided to replace the missing dataset and analyze it in the descriptive statistic.

5.3.2 Assessment of Normality

In order to check and validate the data distribution score are normal the normality test is executed through skewness and kurtosis (Pallant, 2013). Furthermore, Hall and Wang (2015) claimed

that a highly skewed and kurtosis could highly possible of non-normality or outliers' data. Furthermore, according to (Decarlo, 1997) skewness analysis is a measure of the asymmetry while kurtosis is about measuring the peaked of a distribution. The result of skewness and kurtosis is displayed in Table 5.2 below which indicated that all the data fit the normal curve well.

Table 5.2
Summary of Skewness and Kurtosis Test

Variables	Mean	SD	ZSkewness	ZKurtosis
Franchisee Retention	3.598	0.789	1.168/0.217 = 5.382	9.562/0.430 = 22.237
Franchisor Support	3.589	0.837	-0.552/0.217 = -2.543	0.148/0.430 =0.344
Franchisor Brand	3.506	0.886	-0.338/0.217 = -1.557	-0.210/0.430 =-0.488
Franchisor Franchise System	3.466	0.894	-0.414/0.217 = -1.907	0.183/0.430 =0.425
Government Support	3.307	0.899	-0.237/0.217 = -1.092	0.117/0.430 =0.272

In the table above, it exhibits that the highest mean for the variable is the Franchisee Retention which was value of 3.598 follow by Franchisor Support, Franchisor Brand and Franchisor Franchise System at 3.589, 3.506 and 3.466 and a lowest was the Government Support at 3.307. The kurtosis z-value of variables namely Franchisor Brand, Franchisor Franchise System and

Government Support are between -1.96 to + 1.96, which indicated that the variables are normal. However, Franchisee Retention and Franchisor Support have a kurtosis value of 5.382 and -2.543 respectively which reflect that the variable is non-normal distribution and highly consider potential outliers but later will be confirmed by Cronbach Alpha test to see the reliability of this items.

Furthermore, from the table, it also indicates that skewness z-value showed that only four (4) variables of Franchisor Support, Franchisor Brand, Franchisor Franchise System and Government Support are within the span of -1.96 to +1.96 but not for Franchisee Retention. Furthermore, the researcher clamps all the variables together to have better observation through SPSS program. In addition, once the variables were putting together, the researcher has spotted that no more skewed therefore reconfirmed the validity of normal data distribution of data.

Table 5.3
Test of Normality

Variables	Mean	SD	ZSkewness	ZKurtosis
Franchisee Retention, Franchisor Support, Franchisor Brand, Franchisor Franchise System & Government Support	3.501	0.693	-0.262/0.217 = -1.207	0.316/0.430 = 0.735

5.3.3 Univariate and Multivariate Outliers

According to Tabachnick and Fidell (2007), the process of identifying the univariate and multivariate outliers are based on the standard principle whereby the value of z score with excess $= +3.29$ ($p < 0.01$, two tailed) are potential univariate outliers. Based on the table 5.2, Summary of Skewness and Kurtosis Test, it shows that there was only one (1) variable where kurtosis value was exceeded the maximum level of normality range $= +3.29$. Nevertheless, Hair et al., (2010) claimed that unless there was strong evidence that the observation was not affect any element in the population, the variable shall be remained and not leftover.

Further, to compute the multivariate outliers, the Mahalanobis test against the chi square distribution table with ($\alpha = .001$) is used. Based on the result, the Mahalanobis distance value of maximum of 16.070 is below than chi-square distribution (16.2662) therefore the Mahalanobis distance analysis confirmed that the present data was normally distributed (Hair et al., 2006)

Table 5.4
Summary of Mahalanobis Test

		N	Minimum	Maximum	Mean	Standard Deviation
Mahalanobis						
Distance	Valid N	125	0.276	16.070	3.968	3.383
(list wise)						

5.3.4 Test of Linearity

Test of linearity is essential prior to perform the multivariate analysis. In fact, under the linearity test the underlying assumption stated that the relationship between the variables must be linear. Hair et al., (2006) asserted that linearity test performed series of simple linear regression analysis and the residuals using Normal Probability P-P Plot to examine linearity. The results for linearity assumptions are shown in Figure 5.1. It was indicated that the points to be approximately a straight line surrounding the diagonal axis so as not to infringe the assumptions on the randomness of the residuals.

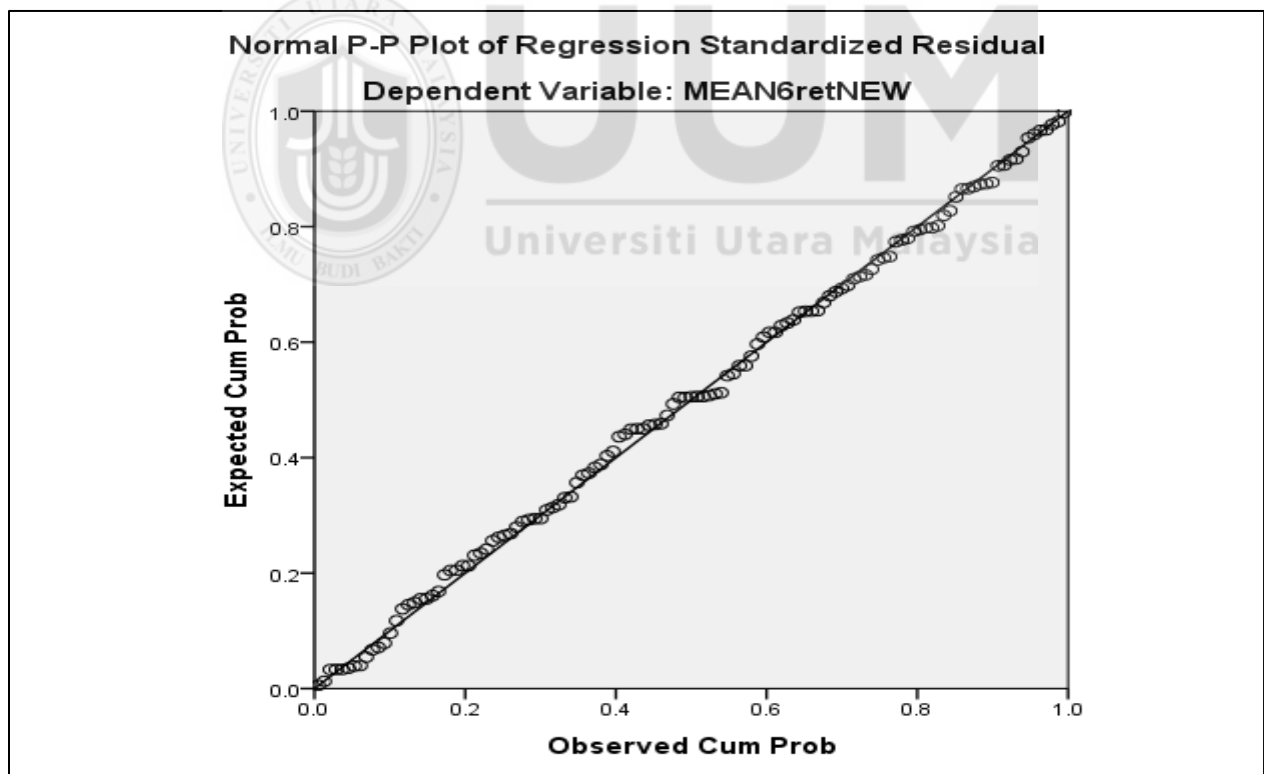


Figure 5.0
Normal P-P Plot of Standardized Residuals

5.3.5 Test of Homoscedasticity

According to Hair et al., (2006), homoscedasticity exists when the variance of the error is constant across observations (i.e. dependent variable and independent variables). In this study in which similar and consistent with Hair et al., (2006), whereby the homoscedasticity for metric variables using scatterplot was conducted to all variables and the outcomes were shown in the Figure 5.2. In fact, most of scatter plot showed that the pattern of data points does not contain any exact pattern and thus had not violated the assumption. / scatterplot dropped at the center of diagrams with equal dispersion.

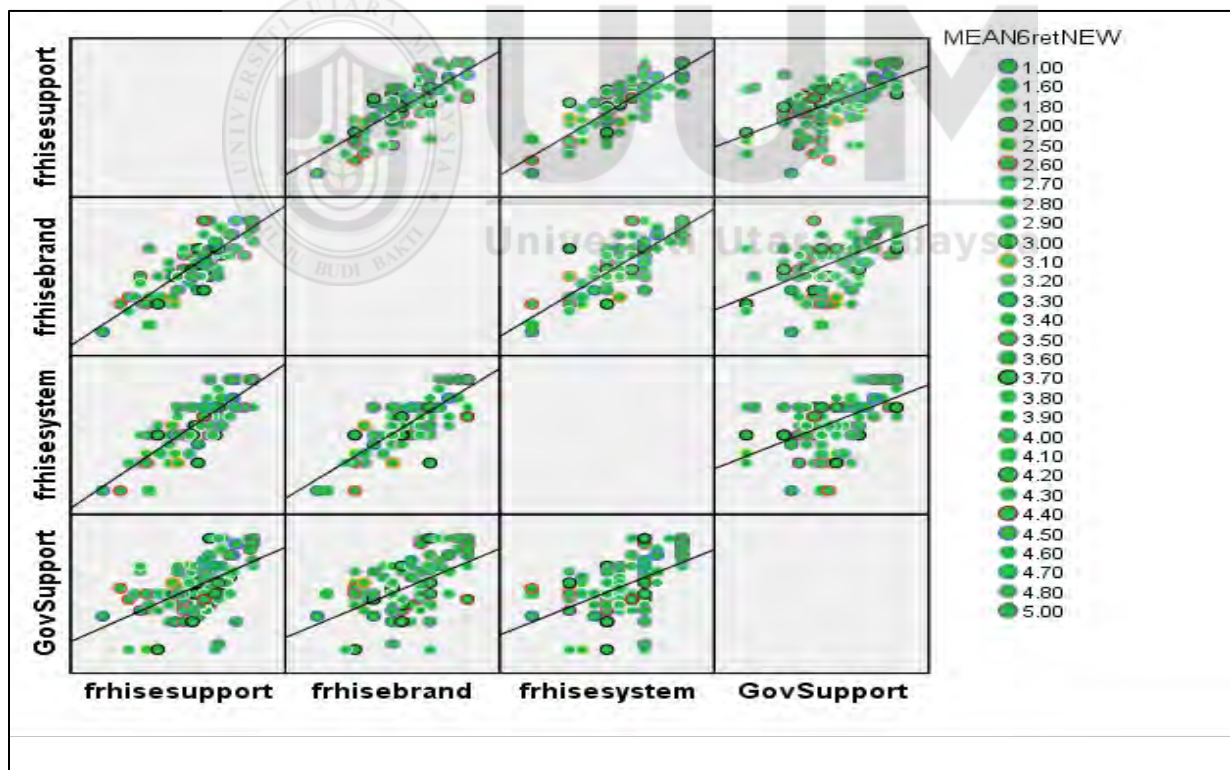


Figure 5.1
Scatterplot

5.3.6 Test of Multicollinearity

Hair et al., 2006 claimed that Multicollinearity exist when any single independent variable is strongly correlated with a set of other independent variables. Subsequently research by Reddy, Balasubramanyam and Subbarayudu, (2013) also stated that Multicollinearity appeared when there is prefect relationship exists within the variable and moving close each other. Furthermore, there are two (2) ways to inspect multicollinearity by Tolerance and Variance Inflation Factor (VIF) value.

From the table 5.4. The tolerance values for all the independent and dependent variables are calculated from the formula of $1-R^2$. In referring to the tolerance values from table 4.13, the values are not very low or near to zero. This indicates that the multiple correlations with other variables are not high, and, hence, do not violate the assumption. Furthermore, under the Variance Inflation Factors (VIF), it had been identified that all variables (i.e. Franchisor Support, Franchisor Brand, Franchisor Franchise System and Government Support) were ranging from 1.504 to 4.233 and not exceed 10.000 therefore there are not cause for any Multicollinearity effects.

Table 5.5

Summary of Result for Test of Multicollinearity (Pearson Correlation)

Model	Collinearity Statistic	
	Tolerance	VIF
Franchisor Support	.236	4.233
Franchisor Brand	.251	3.978
Franchisor Franchise System	.265	3.774
Government Support	.665	1.504

5.3.7 Test of Non-Response Bias

According to Wallender, Tikkanen, Mannheimer, Ostergren and Plantin (2015) the test of non-response bias is performed and appropriate to detect bias in sample selection especially if data and respondents are low. This also will help researcher to identify and ensure that the sample correctly may represent the population. In fact, there are several methods to address the non-response bias problem as mentioned by Whitehead, Groothuis and Blomquist (1993).

In addition, in this study, the researcher comparing characteristic of respondents who returned completed questionnaires into two categories using a difference in means test. From the output, it is revealed that there was no trace of non-response bias based on the result of Levene's in T-Test where the output is more than 0.05, therefore equal variance is assumed.

5.4 CONSTRUCT MEASUREMENT

5.4.1 Factor Analysis

Prior to structural model and hypothesis testing, all the constructs must be examined and verified on validity and reliability. Validity is to find accurate and truly phenomenon for instruments measures used in the study. Furthermore, Thatcher, 2010, claimed that validity “is the extent to which any measuring instrument measures what it is intended to measure”. Furthermore, Thatcher (2010) also indicated that three (3) categories of validity analysis which were 1) Criterion-related validity (Predictive validity), 2) Content Validity (Face validity) and 3) Construct validity.

In relation to this study, therefore the construct validity is to assess the measure performs on particular scale or measurement based on the underlying theories that explain a phenomenon (i.e. Franchisee Retention, Franchisor Support, Franchisor Brand, Franchisor Franchise System and Government Support). To assess the construct validity and test adequacy of the study, a convergent validity is applied to find whether measures are correlated well with measures of the same construct via a factor analysis. In addition, two (2) categories technique of convergent validity namely a factor analysis and an exploratory factor analysis (EFA) are used to explore how individual survey items contribute to an overall construct measurement. In fact, EFA is the statistically technique to measure the underlying factor that effect the observed variable without imposing a preconceived structure of the outcome (Child, 1990)

5.4.2 Explanatory Factor Analysis (EFA)

Prior to factor analysis testing in which the large number of interrelated variables are examined and underlying factors are extracted based on correlation groupings. The Explanatory Factor Analysis (EFA) is run to validate the factor reflecting the underlying theoretical construct since most of the items are developed based on previous study thus it is important to that items are properly connected to the basic factor (variables). Furthermore, EFA considers the correlated factor loadings of all items related to a construct (and / or series of sub-constructs) simultaneously to determine appropriate independent factor components (Nunnally & Bernstein, 1994). In fact, according to Willam, Onsmann and Brown, 2010, the correlation matrix is appropriate and popular test and to see relationship between the variables.

According to Hair et al. (1998), there are few categorized of loadings to inspect the correlation matrix which are based on rule of thumb such as ± 0.30 =minimal, ± 0.40 =important, and ± 0.50 =practically significant. In fact, anything loading below 0.3 indicates that the relationship between variable becomes impractical. Table 5.8 present the result of correlation matrix of each variable.

Table 5.6
Table of Component Matrix

Rotated Component Matrix

Variable	Component			
	1	2	3	4
Continuance Commitment 1				.734
Continuance Commitment 2				.871
Continuance Commitment 3				.781
Continuance Commitment 4				.741
Satisfaction 1			.784	
Satisfaction 2			.820	
Satisfaction 3			.779	
Satisfaction 4			.724	
Franchisor Franchise System 1	.666			
Franchisor Franchise System 2	.610			
Franchisor Franchise System 3	.617			
Franchisor Brand 1	.667			
Franchisor Brand 2	.742			
Franchisor Brand 3	.749			
Franchisor Brand 4	.695			
Franchisor Support 1	.813			
Franchisor Support 2	.809			
Franchisor Support 3	.801			
Franchisor Support 4	.751			
Franchisor Support 5	.763			
Franchisor Support 6	.770			
Government Support 1		.839		
Government Support 2		.763		
Government Support 3		.856		
Government Support 4		.889		
Government Support 5		.884		

Table 5.6 exhibits the result of the factor analysis of the observed variable. Based on the results of these analyses, the outputs loading seem consistent with loaded between range of 0.610 to 0.889 and are clumped together. This indicates that items are substantially strong correlated and load onto one component and also less variance. Thus, this supported in accordance to Hair et al (1998) where he indicated that “factor loadings greater than ± 0.30 are considered to meet the minimal level; loadings of ± 0.40 are considered more important; and if the loadings are ± 0.50 or greater, they are considered practically significant”.

Two (2) tests that concerning the appropriateness before a factor analysis test are the Kaiser-Meyer-Olkin Measure of Sampling Adequacy (KMO) and the Bartlett’s Test of Sphericity. The KMO measures the proportion of variance in the variables that might be caused by underlying factors. The KMO measures the sampling adequacy, which should be greater than 0.5 for a satisfactory factor analysis to continue (Hair et al. 1998). In addition, in this study (Table 5.11), the KMO contributes 0.920 that was greater than 0.5. Furthermore, the result of the Bartlett’s Test of Sphericity was that all latent variables have less than 0.05 of the significance levels which indicates that a factor analysis may be useful for structure detection with this data (Hair et al. 1998). This indicates and confirm that each of variable is correlated well with the measure of the same construct.

Table 5.7
Results of the Table of Total Variance Explained.

Total Variance Explained									
Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	14.490	55.732	55.732	14.490	55.732	55.732	7.950	30.576	30.576
2	2.631	10.120	65.852	2.631	10.120	65.852	4.495	17.288	47.864
3	1.705	6.557	72.409	1.705	6.557	72.409	4.469	17.188	65.053
4	1.341	5.159	77.568	1.341	5.159	77.568	3.254	12.515	77.568

Table 5.8
Results of the Table of KMO and the Bartlett's test of sphericity.

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy		.921
Approx. Chi-Square		3536.631
Bartlett's Test of Sphericity	Df	325
	Sig.	.000

Further, Principle Component Analysis (PCA) in Table 5.7 shows four (4) components with eigenvalues exceeding 1. These four (4) extracted together explain 77.568% variances whereby Component 1 explains 57.732% of the variance, while component 2, 3, and 4 explain 10.120%, 6.557%, 5.159% of the variance respectively.

5.4.3 Reliability Test

In order to verify each of construct measure in this study, the reliability test was examined to confirm reliable and adequate for the purpose of study (Nunnally 1978). Reliability is measured using the Cronbach's Alpha coefficient. Furthermore, according to Sakaran, 2003, the Cronbach's alpha coefficient of a scale can be accepted if above 0.6. Cronbach's alpha coefficient can range from 0.0 to 1.0. A Cronbach's alpha close to 1.0 indicates that the item is considered to have a high internal consistency reliability, above 0.8 is considered good, 0.7 is considered acceptable and less than 0.6 is considered to be poor. In addition, all constructs have an acceptable reliability coefficient of more than 0.7. Table 5.2 demonstrates the summary of the Cronbach's Alpha reliability analysis test.

Table 5.9

Summary of Cronbach Alpha for all construct's reliability analysis

Construct	No. of items	Cronbach's Alpha
Franchisee Retention	8	0.890
Franchisor Support	6	0.950
Franchisor Brand	4	0.934
Franchisor Franchise System	3	0.953
Government Support	5	0.943
Total	26	

5.5 DESCRIPTIVE STATISTICAL ANALYSIS

5.5.1 Demographic Profile

Since this study focusing on franchisees therefore the respondents of this study shall be among franchisees in Malaysia. Moreover, as the objective is to emphasize on Bumiputera franchisees, the data from Perbadanan Nasional Berhad (PNS) as the government agency that provides facilities focus for developing Bumiputera franchise businesses are appropriate and suitable to show the relationship. The data of this study were collected through distributed questionnaires to 352 active franchisees. The franchisees were randomly selected from the list of franchisees that have financing facilities from Perbadanan Nasional Berhad (PNS) from 2010 to 2015.

Participants were received a set of questionnaires together with a cover letter explaining the purpose of the study. A total of 125 or 30% respondents were returned the questionnaires.

Table 5.10
Demographic Profile of the Respondents

NO	CRITERIA	CATEGORY	NO	PERCENTAGE
1.	Gender	Male	71	56.8
		Female	54	43.2
2.	Age	20 to 29 years	18	14.4
		30 to 39 years	55	44.0
		40 to 49 years	34	27.2
		50 to 59 years	14	11.2
		60 to 69 years	4	3.2
3.	Highest Education	SPM/STPM	23	18.4
		Certificate	4	3.2
		Diploma	29	23.2
		Degree	57	45.6
		Others	12	9.6
4.	Year in Business	Less than 1 year	10	8.0
		2 to 5 years	66	52.8
		6 to 10 years	32	25.6
		More than 10 years	17	13.6
5	Year in Franchising Industry	Less than 1 year	19	15.2
		2 to 5 years	88	70.4
		6 to 10 years	13	10.4
		More than 10 years	5	4.0

Table 5.10 (Continued)

NO	CRITERIA	CATEGORY	NO	PERCENTAGE
6.	Year in Franchise Business	Less than 1 year	21	16.8
		2 to 5 years	92	73.6
		6 to 10 years	9	7.2
		More than 10 years	3	2.4
7	Capital Investment	Less than 100K	35	28.0
		101K – 250K	33	26.4
		251K – 500K	45	36.0
		More than 500K	12	9.6
8.	Source of Fund	Personal Saving	38	30.4
		Borrowed from relative or friend	13	10.4
		Sold Previous Business	20	16.0
		Bank Loan	25	20.0
		Others	29	23.2
9.	Franchise Industry	Food & Beverages	73	58.4
		Learning Centre & Education	16	12.8
		Service & Maintenance	21	16.8
		Clothing & Accessories	11	8.8
		Others	4	3.2
10.	Location of Franchise Business	Commercial Area	65	52.0
		Office Area	12	9.6
		Residential Area	42	33.6
		University Area	1	0.8
		Others	5	4.0

Gender

The respondents consist of 71 men and 54 women. The percentage shows that the male respondents are greater by 13.6 % than women respondents. This because man is more likely have financially better source of capital and less commitment to venture in the franchising business especially with solid and comprehensive franchise system, supports, training and brands. Furthermore, this also indicates that male is more in entrepreneurial intention then female which likely more focus and responsible families and kids.

Age

In this study, the majority of respondents are from the age groups from 30 to 49 years with contribute 71.2% of total respondents. The second highest respondents are recorded from age group 20 to 29 or representing 14.4% then follows from the age groups, 50 to 59 years and finally above 60 years, with 14 and 4 respondent(s), representing 11.2% and 3.2%, respectively. One of the strong reasons, group from 30 – 49 age usually among the stable category of age that have capability to manage the franchising business. Furthermore, this age group also likely have few years business knowledge and strong financial to manage the franchising business.

Highest Education

From the questionnaire responses, it concludes that the highest of the respondents are Bachelor Degree holders, with 45.6% or 57 people followed by Diploma with 29 respondents or 23.2% people and SPM/STPM by 23 respondents or 18.4% people. The bottom of the respondents representing for others education level at 9.6% whereas the lowest make for certification education at only 4 people that represented 3.2% of total respondents. In fact, to run the franchise business, required franchisees that have minimum education background (i.e. diploma) specially to understand the franchise business terms, rules & regulations and deal with franchisor.

Year in Business

From the questionnaires, it noticed that most of respondents have more than 1-year business experience that contribute 82% or 115 people. In fact, the highest respondents' range between 2 to 5 years in business that contribute 66% of total respondents followed by 6 to 10 years and more than 10 years that representing 32 and 17 people or 25.6% and 13.6% respectively. This is because, franchisor likely prefers to appoint franchisees with a few years business experiences especially in the similar industry that they want to venture for better understanding the business environment.

Year in Franchising Industry

It concludes from the questionnaires that majority of respondents, 88 franchisees or 70.4% have 2 to 5 years experiences in the franchising industry which is followed by 19 franchisees or 15.2% who have less 1 year or less experience in franchising industry. Only 14.4% who have more than 5 years franchising business which is representing by 13 franchisees and 5 franchisees respectively. Generally, this indicates on franchising is likely one of popular business including experiences or knowledge as the business owners or customers. Furthermore, this also reflects various programs such exhibition, training or seminars to enhance knowledge and understanding on the franchising business or industry particularly in Malaysia.

Year in Franchise Business

Similar to experience in franchising industry, the majority of respondents also have 2 to 5 years franchising business representing 73.6% or 92 franchisees. The second highest in term of franchise business are recorded for respondents with less than 1-year franchise business which is 21 franchisees or 16.8%. The bottom of respondents representing for 6 years to 10 years franchise business which is 9 franchisees or 7.2% and the lowest make for more than 10 years franchise business representing by 3 franchisees or 2.4% respectively. Interestingly, this indicated that only very minimal franchisees that retain in the franchising business or operated more than 5 years with franchisor. In fact, Franchise Act 1998 (2012) required a minimum 5 years contract agreement with franchisor.

Capital Investment

For capital investment in franchising business, it concludes that the majority of respondents invest for business between RM 101,000 to RM 500,000 which was 78 respondents or 72.4%. Followed by the franchise business cost below RM 100,000 representing 28% or 35 franchisees. Nevertheless, from the questionnaires it also recorded that 12 franchisees or 9.6% who invest in franchise business for capital above RM 500,000. One of the reasons some franchise business especially for premium brands such as McDonalds, Starbucks, Gloria Jean, Papa Rich and others international franchise are costly and high capital investments to venture.

Source of Fund

It was recorded from the questionnaires that the highest source of fund for the franchising business generated from bank loan and others such loan from Perbadanan Nasional Berhad (PNS) as agency for development the franchising business in Malaysia which was 54 respondents or 43.2%. The second source of fund is from personal saving followed by sale of previous business which were at 30.4% and 16.0% or 38 and 20 respondents respectively. The lowest source of fund is borrowed from relative or friend that only 10.4% or 13 respondents. In fact, this also reflect the questionnaires that sent to the borrowers that obtained financing from PNS.

Type of Franchise Industry

There are four (4) main categories of popular franchising business sectors namely the i) food and beverages ii) clothing and accessories ii) service and maintenance and lastly iv) learning center and nursery (MDTCC, 2016). From the questionnaires, it exhibits that 70 respondents or 56% are from foods and beverages business, followed by 17 respondents or 13.6 for other businesses and 15 respondents or 12.0% from learning center & education. The minority of respondents are from service & maintenance and clothing & accessories that representing 12 and 11 people or 9.6% and 8.8% respectively. This also reflects the Malaysia franchise statistic where most of franchise businesses are contributed by food and beverages business followed by others business and learning center and education.

Location of Franchise Business

Most of respondents recorded that the businesses were operated at commercial area contributing of 48.8% or 61 respondents. This follows by 41 respondents or 32.8% of total respondents operated the business in residential such as at shop lots. The third popular area of doing franchise business among respondents are at the office area with 12 respondents and 9.6%. The bottom or minority contributed by university and other areas with only representing 8% and 0.8% or 10 and only 1 respectively. This is because, typically many franchise businesses are located at the commercial area, shop lots near to residential area and also office area compared to others such as university. One of a reason because the franchise business must ensure strategic area with many crowds and better purchasing power.

5.5.2 Mean and Standard Deviation

The following is the status of means and standard deviation for the variables used in the present research. Based upon the Likert Scale of 1 to 5, mean scores can be explained in associating to the study by Norasmah Othman (2012) as stated in Table 5.7. Mean score is divided into four (4) main scoring level whereby mean score that less than 2 is rated as low, between 2 to 3 is rated average low, between 3 to 4 is rated as average high and mean score of greater 4 is rated as high

Table 5.11
Summary of Mean Score Interpretation

Mean	Interpretation
1.00 – 2.00	Low
2.01 – 3.00	Average Low
3.01 – 4.00	Average High
4.01 – 5.00	High

Source: Norasmah Othman (2012)

From the table 5.12 show that the respondents rated all the variables as at average high from the mean 3.307 to 3.59. This shows that the respondents have on average agreed with the links between the variables. The respondents indicated that franchisee retention was the highest (mean 3.593; SD: 0.757). The franchisee retention in franchising business was performed by grouping the items into two categories which were commitment and satisfaction. Respondents considered “satisfied that work offer and achievement (M=3.768, SD=0.844), closely followed by “satisfied with how use the personal quality (M=3.720, SD=0.867) and “satisfied in make decision on own

initiative ($M=3.704$, $SD=0.843$) were the most important consideration for them in the franchisee retention.

On the other hand, on franchisor attributes which were franchisor support, franchisor brand and franchisor franchise system, the highest variable contributed was from franchisor support (mean 3.589; standard deviation 0.837). Respondents perceived that the three (3) main items under franchisor support such for maintenance for franchise unit ($M=3.632$, $SD=0.955$) followed by facilities for franchise unit ($M=3.624$, $SD=0.839$) and for marketing activities ($M=3.584$, $SD=0.926$). The second highest variable that indicated average high links in the research was franchisor brand which has value of mean 3.506; standard deviation 0.886. Under this franchisor attribute, the respondents agreed that the highest item was the “franchisor good reputation nationally” ($M=3.554$, $SD=0.996$) followed by “brand recognition against competitors” and ‘best brand in the industry’ at ($M=0.3504$, $SD=0.972$) and ($M=3.504$, $SD=0.912$) respectively. Lastly, the franchisor’s franchise system where the value of mean is 3.466; standard deviation 0.894. Under this variable, the respondents considered highest means for items “relationship and value of franchise system” ($M=0.3560$, $SD=0.945$) instead against benefit and cost in the franchisor franchise system.

Furthermore, respondents also provided additional comments on government support in relation to franchisee retention. On the whole, the respondents agreed that government support on franchisee retention ($M=3.307$, $SD=0.899$) especially in financial support ($M=3.432$, $SD=0.936$) and business management training ($M=3.416$, $SD=0.960$).

Table 5.12
Summary of Mean and Standard Deviation

Variables	N	Mean	SD
<u>Franchisee Retention</u>	125	3.593	0.757
<u>Commitment</u>			
- It would be very hard for me to leave the franchise business right now, even if I wanted to.		3.632	0.894
- Too much of my life would be disrupted if I decided I wanted to leave the franchise business right now.		3.416	0.969
- Right now, staying with the franchise business is a matter of necessity as much as desire.		3.536	0.876
- I feel that I have too few options to consider leaving the franchise business.		3.440	0.920
<u>Satisfaction</u>			
- I am satisfied with how I use my personal qualities.		3.720	0.867
- I am satisfied with how I make decision on my own initiative.		3.704	0.843
- I am satisfied that my work offers me a feeling of achievement		3.768	0.844
- I am satisfied with my income in relation to the work I do.		3.480	0.904
<u>Franchisor Support</u>	125	3.589	0.837
- My franchisor supports the marketing activities		3.584	0.926
- My franchisor supports the facilities for my franchise unit.		3.624	0.839
- My franchisor supports the maintenance for my franchise unit.		3.632	0.955
- When I have a problem, my franchisor is there to solve my problem.		3.520	1.000
- My franchisor understands my needs.		3.448	0.946
- My franchisor supports me as possible as he can		3.568	0.995

Table 5.12 (Cont.)

Variables	N	Mean	SD
<u>Franchisor Brand</u>	125	3.506	0.886
- My franchisor is the best brand in the industry.		3.504	0.912
- My franchisor enjoys higher brand recognition than do competitors.		3.504	0.972
- My franchisor brand has good reputation nationally.		3.554	0.996
- My franchisor is the first choice when considering product or service from my customer perspective.		3.472	0.997
<u>Franchisor Franchise System</u>	125	3.466	0.894
- The relationship with my franchise system is more valuable.		3.560	0.945
- The franchisor creates more value in the franchise system when I compare all the costs of the relationship.		3.392	0.906
- The franchisor creates more value in the franchise system when I compare all the benefits of the relationship.		3.448	0.954
<u>Government Support</u>	125	3.307	0.899
- I received adequate financial support from government.		3.432	0.936
- I received adequate business management related training from government.		3.416	0.960
- I received useful technical support from government.		3.232	0.952
- I received adequate capital for start-up from government		3.296	1.078
- I received adequate capital for expansion from government		3.160	1.050

5.6 INFERENTIAL STATISTICAL ANALYSIS

Hypothesis testing provides direction to whole research. It is important in quantitative research that hypotheses stated in research are required to be tested and validate. In addition, the quantitative research also help researcher to answer the research questions through statistical test and measure (Zikmund, 2007). In fact, by doing so the researcher is able to make conclusion for any research done.

In addition, there are ten (10) hypotheses examined in the study. These hypotheses are important to answer all the (3) research questions in the previous chapter. Pearson Correlation and Multiple Regression are tested to see the relationship between the Independence Variable (IV) and Dependence variable (DV). However, Hierarchical Regression was used to validate the relationship between independence variable, moderator and dependence variable (DV).

5.6.1 Test of Hypothesis 1-4

These hypotheses were used to answer the research question 1

Research Question 1: Do franchisor support, franchisor brand, franchisor franchise system, government support and Bumiputera franchisee retention are related?

i) Pearson Correlation Analysis

Correlation is required to verify and determine the strength of correlation between the variables. In fact, the correlation is done after the distribution of sample is determined (i.e. normal distribution). In addition, the Pearson correlation is used and the value ('r') is considered. According to the study of (Cohen, 1988), the r value can interpret the strength of the relationship as suggests below: -

Table 5.13
Guidelines of Strength of Correlation

Strength of Correlation	'r' value
Small	0.10 to 0.29 / -0.10 to -0.29
Medium	0.30 to 0.49 / -0.30 to -0.49
Large	0.50 to 1.00 / -0.50 to -1.00

Table 5.14
Pearson Correlation Matrix

Variable	1	2	3	4	5
1. Franchisor Support	1				
2. Franchisor Brand	.834**	1			
3. Franchisor Franchise System	.826**	.811**	1		
4. Government Support	.544**	.552**	.534**	1	
5. Franchisee Retention	.614**	.595**	.670**	.409**	1

1) Correlation between Franchisor Support with Bumiputera Franchisee Retention (Ha1)

There is a strong strength relationship between the franchisor support and Bumiputera franchisee retention ($r=0.614$, <0.01). In addition, the correlation analysis supports that the franchisor support has positive significant relationship with franchisee retention, therefore, H1 is supported.

2) Correlation between Franchisor Brand with Bumiputera Franchisee Retention (Ha2)

Franchisor Brand was significantly influence with Bumiputera Franchisee Retention ($r=0.595$, <0.01). The result indicated that Franchisor with strong brand can lead to greater chance for Bumiputera Franchisee Retention. Therefore, Ha2 is supported.

3) Correlation between Franchisor Franchise System with Bumiputera Franchisee Retention. (Ha3)

From the table, it was clearly showed Franchisor Franchise System has strong strength relationship with Bumiputera Franchisee Retention ($r=0.670$, <0.01). In addition, the correlation analysis support that the Franchisor Franchise System has a significant positive relationship with the Bumiputera Franchisee Retention, therefore Ha3 is supported.

4) Correlation between Government Support with Bumiputera Franchisee Retention. (Ha4)

There is a medium strength relationship between the government support and the Bumiputera Franchisee Retention with a positive correlation ($r=0.409$, $p<0.01$). This result shows that the stronger the government support, the more positive is the Bumiputera Franchisee Retention. therefore, Ha4 is supported.

5.6.2 Test of Hypothesis 5-7

These hypotheses were used to answer research question 2.

Research Question 2: Do franchisor support, franchisor brand, franchisor franchise system influence the Bumiputera franchisee retention in Malaysia?

ii) Multiple Regression

Multiple regression analysis was performed with all the assumption complied with such as outliers, normality, linearity, homoscedasticity and multicollinearity (Osborne & Waters, 2002). Similarly, this also associates to what highlighted by Tabachnick & Fidell, 2007 and Hair et al., 2006, where they have advocated that multiple regression is a statistical technique that allow researcher to examine relationship between a single dependent variable and several independence variables with the several main assumptions (i.e. outliers, normality, linearity, homoscedasticity and multicollinearity) were considered and examine to ensure appropriate multiple regression. In addition, from the table 5.14, the r value from the correlation show that all the variables are less than 0.8 such as 1) Franchisor Support: 0.614, 2) Franchisor Franchise System: 0.670, 3) Franchisor Brand: 0.595 and 4) Government Support: 0.409, hence no multicollinearity exist.

Further to that, additional analysis of data needs to be conducted via the regression analysis to test the effect of all hypotheses. Furthermore, this also helps the researcher to answer the research question more depth particularly about the relationship among a set of variables.

From the table of regression coefficients 5.16, it was summarized that all franchisor attributes; Franchisor Support (beta: 0.143, $p=0.299$) for Ha1, Franchisor Brand (beta; 0.068, $p=0.611$) for Ha2, and government support (beta: 0.039, $p=0.636$) for Ha4 have negative influence and not significant on the Bumiputera Franchisee Retention. Indeed, only the Franchisor Franchise System (Ha4) has the largest standardized coefficient beta :0.475, $p=0.00$. In addition, this

indicates that the predictor of franchisor franchise system has a stronger unique contribution in explaining the dependent variables compared to others such as franchisor support, franchisor brand and government support as the significant value for franchisor franchise system is less than 0.05. Therefore, Ha3 is supported but the rests (i.e. Ha1, Ha2 and Ha4) are not supported. Moreover, the significant value of which is $0.00 < 0.05$ confirm the acceptance of hypothesis that there is direct relationship between Franchisor Franchise System and Bumiputera Franchisee Retention.

Table 5.15
Regression coefficients and significance of the independence variables

	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
Constant	1.421	.172		8.257	.000
Franchisor Support	.135	.130	.143	1.042	.299
Franchisor Brand	.061	.119	.068	.509	.611
Franchisor Franchise System	.420	.115	.475	3.657	.000
Government Support	.034	.072	.039	.475	.636

Furthermore, table 5.15 also exhibits that all the independence variables (i.e. franchisor support, franchisor brand, franchisor franchise system and government support) are positively related to the criterion in regression. The highest regression coefficient recorded for franchisor franchise

system at 0.420, followed by franchisor support 0.135 and franchisor brand at 0.061. However, the government support showed at 0.034. Therefore, the multiple regression equation is as follows: -

$$DV = 1.33 + 0.42IV3 + 0.14IV1 + 0.06IV2 + 0.03IV4$$

Where,

DV = Franchisee Retention

IV1 = Franchisor Support

IV2 = Franchisor Brand

IV3 = Franchisor Franchise System

IV4 = Government Support

5.6.3 Test of Hypotheses 8-10

Research Question 3: Does government support moderate the relationship between franchisor support, franchisor brand, franchisor franchise system and Bumiputera franchise retention?

iii) Hierarchical Multiple Regression

From the above test of multiple regression, the researcher decided to extend the test using the hierarchical multiple regression. Under the hierarchical multiple regression, the researcher will be able to determine how well a dependent variable would be affected by adding additional

moderator after the previous variable have been employed for. In fact, this also help researcher to answer the research question no 3, besides of the remaining hypotheses Ha8 to Ha10.

Ha8: Moderating effect of government support on franchisor support and Bumiputera Franchisee Retention (Ha8)

Table 5.16 summarized the test of moderating effect on government support on the Bumiputera Franchisee Retention on the predictor Franchisor Support. Three (3) models were conducted to validate the moderating effect such as 1) direct predictor relationship via normal regression 2) Moderator introduced as a predictor and finally 3) the interaction term was conducted into regression and used in reporting the moderating effect (the independence variable, the moderating and the interaction term were regressed against the dependent variable).

Table 5.16
Moderating Effect: Franchisor Support - Extract from Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.614	0.377	0.372	0.62561
2	0.620	0.385	0.375	0.62418
3	0.622	0.387	0.372	0.62582

Under the normal relationship, the predictor explained a high proportion of the variance (37.7 percent) in the dependent variable nevertheless it was statistically significant at 0.614, $p < 0.05$ as shown in Appendix 8. In the second model, after the government support was introduced as additional predictor to measure it significant effect on the Bumiputera Franchisee Retention and

the result showed that R value of this model was 0.620 with the increase of variance by 0.06 percent (R Square = 38.5 percent). Furthermore, the franchisor support in the model has a standardized beta coefficient of 0.556 which indicates a stronger unique contribution (Appendix 9). In the 3 model, where the interaction was tested, the model's showed relatively small change by 0.2 percent (R Square = 0.387) whereby it means that an additional variable (interaction between government support and franchisor support) only contribute 38.7% of total variation in the dependent variable (i.e. Bumiputera franchisee retention). In fact, this test also shows that the addition of the interaction term significantly contributed to the explained variance.

Table 5.17

Hierarchical Regression Result: Franchisor Support, Government Support and Bumiputera Franchisee Retention

Variables	Standardized Coefficient Beta	T Value	Sig.
Franchisor Support	0.418	1.692	0.093
Government Support	-0.070	-0.228	0.820
Interaction Term	0.280	0.599	0.550
R Square		0.387	
Adjusted R Square		0.372	
F Value		25.437	
F Value Sig		0.000	
R Square Change		0.002	

Ha8 proposed moderation effect of government support on the relationship between franchisor support and Franchisee Retention. This can identify by looking the standardized coefficient value from the "B" column. In addition, the interaction term of government support and

franchisor support was found to be insignificant ($\beta = 0.280$, $P \text{ Value} = 0.550 > 0.05$). Therefore, the eight hypothesis (Ha8) was not supported as proposed.

Ha9: Moderating effect of government support on franchisor brand and Bumiputera Franchisee Retention

Ha9 posit that the government support will moderate the relationship between the predictor franchisor brand and Bumiputera franchisee retention. Similarly, three (3) models are tested to compare a model with the interaction terms versus a model without the interaction term. Table 5.19 summarized the test of moderating effect on government support on the Bumiputera Franchisee Retention on the predictor franchisor brand based on the “Model Summary”. The three (3) models were used are 1) direct predictor relationship via normal regression 2) Moderator introduced as a predictor via hierarchical regression and finally 3) the interaction term was introduced into regression and used in reporting the moderating effect.

Table 5.18
Moderating Effect: Franchisor Brand - Extract from Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.595	.354	.348	.63722
2	.603	.363	.353	.63520
3	.607	.368	.352	.63537

Based on “Model Summary” presented in Table 5.18, showed that under the model 1 of simple regression, the R Square value is at 35.4 percent but with the government support was entered as

a predictor the value of R Square has rose to 36.3 percent. This give an indication that government support explained 0.9 percent of the variance.

Subsequently, when the researcher tested the model 3, whereby the interaction term (government support x franchisor brand) has produced an increase in R Square by 0.5 percent to 36.8 percent. This means that the is significant percentage increase in the variation of the relationship between Franchisor Brand and Bumiputera Franchisee Retention by the addition of the interaction term (Government Support x Franchisor Brand).

Table 5.19

Hierarchical Regression Result: Franchisor Brand, Government Support and Bumiputera Franchisee Retention

Variables	Standardized Coefficient Beta	T Value	Sig.
Franchisor Brand	0.292	1.117	0.266
Government Support	-0.153	-0.526	0.600
Interaction Term	0.453	0.968	0.335
R Square		0.368	
Adjusted R Square		0.352	
F Value		23.476	
F Value Sig		0.000	
R Square Change		0.005	

Table 5.19 summarized the result that Government Support moderate the relationship between Franchisor Brand and Bumiputera Franchisee Retention. In addition, when the presence of the

interaction term (Government Support x Franchisor Brand) in model 3, its result to a beta value was 0.453 which is statistically insignificant at 0.335, R square change = 0.005, $P > 0.05$. This also can suggest that government support does not moderate on the relationship between franchisor brand and franchisee retention. Therefore, the result not support the hypotheses Ha9.

Ha10: Moderating effect of government support on franchisor franchise system and Bumiputera Franchisee Retention

Table 5.20 summarized the test of moderating effect on government support on the Bumiputera Franchisee Retention on the predictor Franchisor Franchise System. To check for the interaction effect, three (3) models were conducted in which a model and with interaction terms against a model without interaction terms were compared.

Table 5.20

Moderating Effect: Franchisor Franchise System - Extract from Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.670	0.449	0.444	0.58854
2	0.673	0.452	0.443	0.58903
3	0.674	0.454	0.440	0.59062

From the table of “Model Summary” it depicted that in Model 1 where franchisor franchise system was entered into regression test, the R Square showed 44.9 percent of variance explained. This also supported by a stronger standardized beta coefficient of 0.670 $P < 0.05$. However, in the Model 2, where franchisor franchise system and government support were entered, the

change of R Square only recorded small variance by 0.02 percent to 45.2 percent. Its significant level was 0.071, $P > 0.05$. Similarly, in the Model 3 when the interaction term was introduced into regression and used in reporting the moderating effect, the R square shows the increase in variation explained by the addition of the interaction term (R square = 45.4 percent). This means that there is significant percentage increase in the variation of the relationship between franchisor franchise system and Bumiputera Franchisee Retention explained by the addition of the interaction term (Government Support x Franchisor Franchise System).

Table 5.21

Hierarchical Regression Result: Franchisor Franchise System, Government Support and Bumiputera Franchisee Retention

Variables	Standardized Coefficient Beta	T Value	Sig.
Franchisor Franchise System	0.839	3.724	.004
Government Support	0.108	0.436	.423
Interaction Term	-0.128	-0.320	.559
R Square		0.454	
Adjusted R Square		0.440	
F Value		33.512	
F Value Sig		0.000	
R Square Change		0.002	

Table 5.21 is the summary of a Hierarchical Regression Analysis table where the interaction term was introduced and regressed with Franchisor Franchise System and Government Support as the independent variable and Bumiputera Franchise Retention as the dependent variable. The result of in this model indicates that Government Support and Interaction Term found to be negatively

associated with Bumiputera Franchisee Retention ($\beta = -0.128$, significant level = 0.559, $p > 0.05$). Therefore, the result does not support the hypotheses Ha10.

***5.6.4 Test of moderating effect of Government Support overall Franchisor Attributes (Franchisor Support, Franchisor Brand and Franchisor Franchise System) and Bumiputera Franchisee Retention**

Table 5.22 summarized the test of moderating effect of all the independent variables (i.e. franchisor support, franchisor brand and franchisor franchise system), the moderating variable (i.e. government support) as well as the interaction terms. Similarly, with previous hypotheses, three (3) models were tested to compare the interaction terms against a model without interaction terms. The first model is a direct predictor and the second model where moderator was introduced as a predictor as well while in the third model the interaction terms were incorporated into the regression.

Table 5.22
Moderating Effect: Franchisor Support, Franchisor Brand, Franchisor Franchise System - Extract from Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.680	0.462	0.448	0.58627
2	0.680	0.463	0.445	0.58816
3	0.684	0.468	0.436	0.59288

Furthermore, Table 5.22 also depicted under the ‘Model Summary’ of three (3) models to show the percentage of variance explained in the dependent variable (i.e. Bumiputera Franchisee Retention). Under the model 1 showed that R square value is 0.462, in which means that 46.2 percent of total variance in Bumiputera Franchisee Retention has been “explained”. In the model 2 whereby the new predictor (i.e. government support) has been introduced, the R square value slightly by 0.001 or 46.3 percent of the variance. Furthermore, in the Model 3 whereby the interaction term was introduced into regression and used in reporting the moderating effect has indicated relatively small changes of 0.005 R square or 46.8 percent.

Table 5.23

Hierarchical Regression Result: Franchisor Support, Franchisor Brand, Franchisors’ Franchise System, Government Support and Bumiputera Franchisee Retention

Variables	Standardized Coefficient Beta	T Value	Sig.
Franchisor Support	-0.232	-0.414	0.679
Franchisor Brand	-0.162	-0.297	0.767
Franchisor Franchise System	1.157	1.721	0.088
Government Support	0.110	0.354	0.724
Interaction Term (Franchisor Support)	0.655	0.628	0.531
Interaction Term (Franchisor Brand)	0.501	0.459	0.647
Interaction Term (Franchisor Franchise System)	-1.289	-1.033	0.304
R Square		0.468	
Adjusted R Square		0.436	
F Value		14.693	
F Value Sig		0.000	
R Square Change		0.005	

The presence of interaction term of all variable is summarized in Table 5.23 whereby beta value for interaction term are -1.289, 0.501 and 0.034, which are found to be insignificant at 0.304, 0.531 and 0.647 at $p < 0.005$ respectively. In other words, it indicates that the presence of moderator has not make any change of overall relationship of franchisor support, franchisor brand and franchisor franchise system. Thus, the result does not support the hypotheses Ha11.

Table 5.24
Summary of Hypothesis Status (Ha1-Ha10)

	Hypothesis	Status
Ha1	Franchisor Support has significantly correlate with Bumiputera Franchisee Retention.	Supported
Ha2	Franchisor Brand has a significantly correlate with Bumiputera Franchisee Retention.	Supported
Ha3	Franchisor Franchise System has significantly correlate with Bumiputera Franchisee Retention.	Supported
Ha4	Government Support has significantly correlate with Bumiputera Franchisee Retention	Supported
Ha5	Franchisor Support has a significantly influence the Bumiputera Franchisee Retention.	Not Supported

Table 5.24 (Cont.)

	Hypothesis	Status
Ha6	Franchisor Brand has a significant influence with Bumiputera Franchisee Retention	Not Supported
Ha7	Franchisor Franchise System has a significantly influence with Bumiputera Franchisee Retention.	Supported
Ha8	Government Support has a significant moderate the relationship between Franchisor Support and Bumiputera Franchisee Retention	Not Supported
Ha9	Government Support has a significant moderate the relationship between Franchisor Brand and Bumiputera Franchisee Retention.	Not Supported
Ha10	Government Support has a significant moderate the relationship between Franchisor Franchise System and Bumiputera Franchisee Retention	Not Supported

5.7 QUALITATIVE FINDING

Under the second phase of analysis, the researcher has employed the qualitative approach via an interview to verify on the negative and not supported hypotheses finding in the quantitative statistical analysis. In fact, under the quantitative result specifically in determining the predictor, only Franchisor Franchise System (Ha7) was accepted. Therefore, there is a need to further understand why other attributes such as Franchisor Support, Franchisor Brand and Government Support do not contribute to the Bumiputera Franchisee Retention. In order to verify these findings, the researcher has selected 6 franchisees from the previous first phase to participate in this semi-structured interview. In fact, because of quality of franchisees (i.e respondents) such as years of experiences, number of franchisee stores and franchise knowledge, these will generate data saturation point whereby there is enough data to ensure all questions can be answered and similar.

5.7.1 Franchisor Support

Overall, most of respondents highlighted and expressed their disappointed with franchisor support which they claimed was lack and influence their decision in the franchising business. This expressed by Franchisee F as stated: -

...kalau dikatakan support...saya boleh cakap support daripada franchisor hanya 50 percent sahaja...

Franchisee F

Apart of that, in particular another respondent also has expressed their similar opinion (unhappy) with franchisor whereby they realized that franchisor have failed to give appropriate supports and assistances to franchisee during challenging and tough time for instance Good Service Tax (GST), staffs' turnover or increasing in raw material costs. This is pointed by one franchisee D:

-

... jadi bila GST dikenakan kepada franchisor, francais juga menerima tekanan yang lebih teruk berbanding franchisor, semua bebanan kos atas GST diturunkan kepada francais... ada juga barang yang kurang laku dilonggokkan kepada francais, jadi cara ini menjadi masalah kepada francais, pandai-pandailah francais nak jual macamana....so inikah yang support yang kami harus terima?

Franchisee D

Furthermore, it was also stated in the finding that many of issues that highlighted and brought by franchisees either have not been discussed or failed to reach franchisor management because of lack and minimum supervision by franchisor. The franchise manager who is appointed by franchisor to manage and support the franchisees has failed to deliver it duties because of lack of franchise experience and knowledge. Many situations, the franchise manager also always change and this has result to the communication breakdown and therefore any problem either not reach franchisor or delay in making decision. An example showing by franchisee C: -

...sebagai contoh (francaisor) hanya assigned seorang pegawai untuk in-charged kita punya outlet tetapi tidak ada perbincangan secara direct dengan pihak pengurusan...kekadang ada masalah yang kita justify kepada dia, tetapi dia anggap ini adalah perkara remeh... dan tidak ada tindakan susulan ke atas masalah kita

Franchisee C

...bila letak orang ... kebanyakan tidak berapa faham tentang francais... ade pulak bila kita tanya tak tahu... kata baru join syarikat francais... so kita kat sini jadi mangsa training dia.

Franchisee F

Besides that, one of interesting finding also was highlighted that franchisor was too rigid with the franchise rule and regulation and failed to adapt with situation in order to support franchisee especially during the tough time. For example, franchisee E mentioned

“... saya nak francaisor memahami masalah francaisi dan membantu seboleh mungkin... jangan kata procedures macam nie...SOP macam nie... itu bukan!! You kena tengok apa masalah dia yang you boleh bantu...”

Franchisee E

As in conclusion, franchisor seems has failed and neglected to provide strong support and assistance to franchisees especially when franchisee require support to drive the business to

success. In addition, although the franchising business is developed from the franchisor successful business and franchisor support is required in agreement between franchisor and franchisee. But because of uncertainty in the business environment and likely most of new franchisees may less business experiences and knowledge, therefore the franchisees need more consistent support to ensure that they be able to actively in the franchising business.

5.7.2 Franchisor Brand

The analysis from the interviewed finding also found that franchisor brand was not supported for the Bumiputera franchisee retention. Moreover, most of interviewees also admitted that franchisor brand was not strong enough to convince them for franchisee retention or remain in another term of franchise term. As franchisee A and franchisee D stated: -

...Jenama franchise ini masih belum kukuh sepenuhnya seperti yang akak harapkan...

Franchisee A

...Walaupun kita tengok beberapa brand diluar itu yang besar-besar... ada juga kita nampak beberapa outlet tidak begitu menjadi. Jadi saya rasa brand itu tidak membantu sangat untuk saya kekal...

Franchisee D

Moreover, few franchisees also responded that franchisor brand was more important and relevant during initial franchise business to introduce products, outlet or services to the customers.

Interesting, the finding from interview with respondents confirmed the influence of franchisor brand because of its colour, image and symbol in the franchising business as the interviewee B and E said: -

...saya memang minat dan suka dengan brand dia...suka sangat dengan brand ...
... color dia... memang saya suka perniagaan fast food ni... dari jauh pun dah nampak...

Franchisee B

...Jenama francais ini ala hanya lebih daripada di peringkat awal...once dia (pelanggan) dah catch-up jenama ini baik dan orang akan terus kenal brand dia nie...tapi sekarang business banyak persaingan ... customer pun kurang...brand tidak membantu sangat...tak macam McDonalds atau international yang lain...

Franchisee E

Therefore, in general all franchisees were acknowledged franchisor brand is important in the franchising business especially during the initial franchise business period. Furthermore, franchisor brand especially among the homegrown franchisors are still not yet popular, strong and be able to drive the franchising business successful compared to international brand that normally have better influence and thus give better chance for franchisee to success and remain in the franchising business.

5.7.3 Government Support

Majority of interviewees confirmed that they received the support from the government either for initial capital or investment, for expansion or for training purposes. However, some of interviewees appeared to be less satisfied on overall support by government especially in term of capital either during initial or after operating the franchising business. As franchisee B stated:

-

Sekali saja...bantuan beli barang dari PNS... hanya untuk beli barang masa mula-mula dahulu... dan tiada modal pusingan... apa-apa pun yang lepas itu guna duit sendiri...lepas itu kalau nak loan kerajaan pun...tapi kerajaan cakap tak boleh sebab francais tak ada loan mana-mana...Cuma di PNS saya yang bagi loan

Franchisee B

Besides that, franchisee also commented that some of government support have failed to reach the real target group and not fully publicly known to franchisees. The finding from the interview among these franchisees confirmed government support roles particularly on capital in franchising business however was limited to capital for start-up and sometimes was not enough to manage the franchising business particularly during operations issues or emergency such as payments to suppliers, vendors, staff overhead, marketing and etc. For example, from Franchisee D stated: -

Pada peringkat permulaan memang kita ada menerima pinjaman dan bantuan...tapi bantuan kerajaan itu sampai tidak menyeluruh...jangan sampai orang ada masalah baru datang...

Franchisee D

Moreover, some franchisees were commented that government should provide variety of support program and activities especially, to tackle the issues in regard to relationship with franchisor. In addition, one of franchisee C suggested support by government in pertaining to legal advice especially in term of agreement between franchisor and franchisee as follows: -

...saya melihat sokongan kerajaan dalam bentuk legal bukan sahaja sewaktu francais nak buka business itu... atau nak pinjam duit dengan kerajaan tetapi juga semasa francais telah menjalankan perniagaan. Sekiranya berlaku sebarang masalah sebab bila kata francais kita ada akta dan akta nie mesti ada kaitan dengan pihak kerajaan, jadi bilamana kita nak aplikasi akta tersebut untuk defend hak-hak francais sebab saya tengok banyak sebagai contoh agreement nampak berat kepada franchisor... jadi bila berlaku masalah ... pada sapa francais nak mengadu dan merujuk dan sebagainya...

Franchisee C

To conclude, although with supports and various activities in relating to the franchising business, unfortunately it has not reached the aim and objective especially in term of increasing Bumiputera retention in the franchising business. In addition, government should launch a

variety of program and support activities not limited only on financing or training but also others such as consultancy or legal advices to ensure that both franchisee and franchisor are more satisfied and the franchising business be more protected and successful.

5.8 CHAPTER SUMMARY

The data analysis was presented in this chapter. The chapter started with the descriptive analysis, followed by the preliminary analysis – normality test, reliability test and validity test – to ensure the data were valid and reliable. Correlation analysis was used to test the hypothesis together with the multiple regression analysis to determine which variable was the most significant and the best predictor to predict the outcome as well as to develop the equation. To test the moderating effect on the predictor, the hierarchical multiple regression is employed to each predictor. From the results, none of variables are significant predictors to predict the outcome. Finally, qualitative and interview for six (6) interviewees from previous respondents are discuss to explain and clarify the not supported hypotheses in earlier phase of quantitative analysis. Then, the next chapter will conclude and propose some recommendations.

CHAPTER 6

CONCLUSION AND RECOMMENDATION

6.1 INTRODUCTION

This last chapter begins with summary of research followed by discussion of the result including the both quantitative and qualitative analysis through sequential explanatory mixed method to explain the issues. Next, upon the findings, the researcher suggested some theoretical and practical implication of study and followed by recommendation at the end of the chapter.

6.2 RECAPITULIZATION OF FINDING

There is a paucity of franchising business highlighted in Malaysia that triggered many questions. Despite of increased number of franchisors and franchisees that registered under MDTCC, nevertheless not many of them are considered successful especially among Bumiputera. Previously, several researchers such as Isa, et al., (2012) highlighted that franchising business was still far from its target with various franchising problems include business termination, disputes and unsatisfactory with franchisor, franchisor brand, provided training support and many more. In fact, the Government of Malaysia has initiated many activities or program in the franchising business (Mohd Harif, 2011) through its agency such as Perbadanan Nasional Berhad (PNS) to develop and boost the franchising industry particularly among Bumiputera in Malaysia. The program aimed to increase the franchising business involvement in particular among

Bumiputera entrepreneurs in Malaysia. However, the involvement of Bumiputera entrepreneurs in franchising business is not at expected level considering the intense effort by the government agency. Hence, the urgent need to delve into the Bumiputera franchisee retention problem is deemed imperative.

Consequently, the purpose of this research is to determine the factors that contribute the franchisees retention particularly among Bumiputera in Malaysia. Three (3) determining factors of franchisor attributes namely franchisor support, franchisor brand and franchisor franchise system are identified in relation to the franchisee retention (Roh & Yoon, 2009; Mendelsohn, 1999; Bernando, 2013; Nijmeijer, Huijsman & Fabbricotti 2014). Since PNS as the government franchising agency is seriously involved in the development of franchising business in Malaysia, , hence government support variable is added to gauge its intensity in upholding the relationship between franchisor attributes and the franchisees retention . Further, these franchisor attributes and government support were discussed and elaborated excessively in chapter three (3) based on the previous studies specifically in area of the franchising business including the theory used and been treated.

The first research objective was to examine the relationship between franchisor support, franchisor brand, franchisor franchise system, government support and franchisee retention in the context of Bumiputera in Malaysia. Result revealed significant relationship between franchisor support, franchisor brand, franchisor franchise system, government support and Bumiputera franchisee retention. The relationship between the variables is probably due to due to franchisees decision to venture or invest in the franchising business after considering elements

in the contract agreement between franchisor and franchisee including brand, standard operation procedures (SOP), products, training, marketing and other supports (Khairul Anuar, et al., 2016). In fact, franchising business also give opportunity for unskilled and less experienced person to venture with necessary training and supports from the franchisor (Frazer et al., 2007). Besides, through positive and active support from the government (through financing, training, infrastructure) (Shamsuddin, et al., 2018), Bumiputera entrepreneurs are more confident to invest in the franchising business. Ultimately, these efforts influence franchisees' retention. In fact, the finding is also strengthened during the interview sessions where majority of respondents agreed on the importance of franchisor support, franchisor brand, franchisor franchise system, government support to maintain franchisees' retention in the franchising business.

In the second research objective, researcher intended to examine the prediction level of franchisor support, franchisor brand and franchisor franchise system on Bumiputera franchisee retention. It is expected that the independence variables (namely franchisor support, franchisor brand and franchisor franchise system) would have positive influence on Bumiputera franchisee retention. The finding revealed only franchisor franchise system as significant predictor for Bumiputera franchisee retention. The reason was the most respondents put high value on the franchisor franchise system when they decide to retain the franchise business or not. Viewing at the respondents' demographic profile, most respondents are at middle age, with minimum franchising business knowledge and experienced but are well educated with at least diploma and higher. Hence, they would prefer a reliable franchisor franchise system that will guide them systematically. In fact, these respondents believe a good and thorough franchise system will ensure very well maintain and standardization and procedures (Watson, Dada, Grunhagen &

Wollan, 2016). In fact, the franchisor franchise system was considered the most critical element for franchisees to avoid failure in the franchising business (Dunham & Toomey, 2005). It also clears from the finding that franchisees entered or even retain in the franchising business because of franchisor franchise system (Bernando, 2013; Frazer, 2006). As franchisor franchise system is a business format type of the franchise business, it contains the complete and necessary things that needed by franchisee including specification of products, manual, training, brand and support.

In fact, these made franchisees have better understanding on how to operate the franchising business and thus influence them to retain in the franchising business. This finding also concurred with the qualitative finding from interviewed why franchisors franchise system predict the Bumiputera franchisee retention. These include minimize risks and easy to manage although with additional outlets, help to focus more on operation rather than administrative works and provide details how to operate the business. Furthermore, from the interviewed session, the respondents also indicated that franchisor support and franchisor brand have minimum roles towards Bumiputera franchisees retention. In addition, although franchisor support and franchisor brand were related to franchisee retention, but because of the level of satisfaction and quality of these variables received by franchisee thus have made it less value to franchisee particularly towards the franchisee retention. Furthermore, some of them also concurred that franchisor brand is more relevant especially during the initial period but not after the operation began. Thus, although in few previous literatures, claimed on important of franchisor support and franchisor brand but in the present study found not to be predictors for Bumiputera franchisee retention.

The final objective from the current study was to examine the moderating effect of government support on the relationship between franchisor support, franchisor brand and franchisor franchise system and Bumiputera franchisee retention. As to the researcher's knowledge in the franchising business, no research on government support as moderating variable was done in the context of franchising business. In addition, the finding showed respondents indicated that government support did not have moderating effect in the relationship between franchisor support, franchisor brand and franchisor franchise system and Bumiputera franchisee retention. Although it had slightly increased due introducing of government support especially on franchisor support and franchisor brand, but there were still no changes towards the Bumiputera franchisee retention. In fact, this result also contrary against the roles and functions of government support for enhancing the performance particularly among Bumiputera in businesses (Mohd Nor, Mohd Rafi & Zuraimi, 2014). There is possibility that the government support is either not reach the target groups or franchisees are not utilizing the service provided by government due to lack of information and accessibility. This also supported by study from Foziah, Aziz and Sudin (2006), whereby lack of awareness on business supports and assistances by government agencies has gave an impact to minimum take up especially among Bumiputera.

Moreover, there also substance claimed that government supports are too complicated and taking too long due to procedures and processes (Mohd Noor et al., 2014). One could further assume respondents were also less likely experienced government support for franchisee retention, but more likely depending on level of quality and satisfaction received from franchisor support and franchisor brand to determine the franchisee retention. Furthermore, it was clear that franchisor franchise system was significant influenced the franchisee Bumiputera retention, introducing the

government support in particular could give better relationship between franchisor franchise system and Bumiputera franchisee retention. However, the result found that government support did not appear to interact significantly with franchisor franchise system to predict the Bumiputera franchisee retention. As franchisee was highly depending on franchisor in the franchise system instead in the traditional business, therefore government support seems has not significant impact towards franchisee decision to remain in the franchising business. Besides that, under the qualitative finding also revealed that why government support is not moderating towards the franchisee retention whereby franchisees are expected consistent support especially in term of legal assistance, business opportunities, financing assistance, customization program due to various of economic sectors in franchising. In fact, these factors can be moderating the relationship between the franchisor attributes and franchisee retention.

Additionally, the result from the combination of franchisor support, franchisor brand and franchisor franchise system to have impact on the Bumiputera franchisee retention also indicates that no interact was found between government support and these franchisor attributes (i.e. franchisor support, franchisor brand, franchisor franchise system). Despite of government support is relevant but still found that no significant relationship with Bumiputera franchisee retention.

Therefore, the finding of this research provides valuable information and knowledge particularly for franchise industry players including Bumiputera franchisees. Besides, government through Franchise Development Division at MDTCA also shall benefit particularly with some guidelines

or ways to provide supports, assistance or programs in enhancing and to ensure the continuous success of the franchising business in Malaysia.

6.3 DISCUSSION OF THE RESULT

The study's main objective is to determine the challenges of franchisors to ensure franchisees' retention in the franchising business in the context of Bumiputera in Malaysia. More specifically, it examines the franchisor's attributes (i.e. franchisor support, franchisor brand and franchisor franchise system) that influence franchisees decision to remain and extend its agreement or contract with franchisors. There were ten (10) hypotheses that had been formulated based on the three (3) determined research questions. The first research question is to determine whether franchisor support, franchisor brand, franchisor franchise system, government support and Bumiputera franchisee retention are related. The second research question is to discuss the impact of independent variable (franchisor support, franchisor brand, franchisor franchise system) upon the dependent variable (Bumiputera franchisee retention), while the final research question sheds light on the moderating impact of government support upon the relation between franchisor support, franchisor brand, franchisor franchise system and Bumiputera franchisee retention.

6.3.1 Research Question 1: Do franchisor support, franchisor brand, franchisor franchise system, government support and Bumiputera franchisee retention are related?

Ha1: Franchisor Support and Bumiputera Franchisee Retention

The result of hypothesis 1 showed that the relationship between franchisor support has a significant correlation Bumiputera franchisee retention. In addition, this result proved the relationship of franchisor support as the factor that have greater impact on Bumiputera franchisee retention specifically in term of marketing activities, upkeep and maintenance, overcome problem and understanding the needs of franchisees. Indeed, the finding align with the study by Affes, (2016), which explained recognition and acknowledgement of franchisor support by franchisee in relation to the directive and objectives facilities of operationalization and marketing.

Furthermore, naturally, franchisor support also very much needed when franchisees having such an emergency conditions that required strong support and assistance from franchisor. For instance, shortage of critical manpower in restaurant business, shortage in stocks, price increase and etc. This also in consistent with finding by Bernando (2013) whereby continuing franchisor support is necessary to help franchisees especially in tough time in the franchising business. In fact, one of the strong reasons why franchisee choose to operate the franchising business because of support by franchisor compared to non-franchise business whereby the business owners will responsible to manage overall business operation (Keen, 2015).

On the other hand, it is highlighted in interviewed session where franchisor support is suggested as important during pre and post activities of franchisees business such conducting business analysis or survey on location, customers, culture, support during opening outlet and after specially to encounter any problem during day-to-day business operation. Furthermore, franchisor must ensure that they able to keep their promise particularly in providing consistent support including during day-to-day operation which is most critical. In fact, the level of support by franchisor will determine the franchise relationship between franchisor and franchisee and therefore will influence towards franchisee retention.

Ha2: Franchisor Brand and Bumiputera Franchisee Retention

Franchisee is considered franchisor brand plays an important role of selecting the franchising business (Guilloux et al., 2004) and this likely could relate to franchisee retention. In addition, it was hypothesized that franchisor brand would relate to the franchisee retention. It was found that franchisor brand was significantly correlated with Bumiputera franchisee retention.

This is possible due that many franchisees understand that the franchise business is related to brand. For instance, people normally aware of franchisor brand through strong brand name such as Kentucky Fried Chicken, McDonalds, Secret Recipe, Marrybrown and others. When strong franchisor brand exists, the franchisee will gain benefit from the impact of franchisor brand to capture customers either through products, prizes or concept of the franchising business. Several empirical studies also reported that franchisor brand is one of the major factors that attract franchisees to join a network and continue in the franchise system (e.g. Kaufmann & Stanworth,

1995, Guilloux et al., 2004). Furthermore, during the protocol interviewed and discussions, it was revealed that franchisor brand is one of important element in franchising business either to attract new franchisee or customers especially in new area whereby franchising business can be considered a best method to penetrate because of its standardization, trust and popularities. Thus, strong franchisor brand may assist franchisees in deciding to continue or retain in the franchising business because franchisor brand could minimize franchisees marketing activities and focus more on operation due to strong franchisor brands.

Ha3: Franchisor Franchise System and Bumiputera Franchisee Retention

The result of hypotheses 3 testing showed a positive correlated between franchisor franchise system and Bumiputera franchisee retention (Ha3). Furthermore, the positive correlation found to be strong correlation between franchisor franchise system and Bumiputera franchisee retention ($r=0.670$, <0.01). This finding is consistent with Roh & Yoon (2009), who claimed that franchisor franchise system is one of critical elements that influence the franchisee retention rate.

It should be noted that the instrument of franchisor franchise system was adapted and measured by assessment the value, benefits and also cost of franchise system received by franchisee (Ulaga & Eggert 2006). Franchisee usually may benefit from franchisor franchise system which is based on franchisor's proven business model that been replicated to meet the franchisor's strategic action and also the business demands. Franchisees likely may benefit since the franchisor franchise business is considered a complete and comprehensive business system such as franchise business format (Alon et al., 2011; Tikoo, 2005). Furthermore, from the interview

finding had demonstrated the important of franchisor franchise system for franchisee particularly for those who has minimum business knowledge, skills and experiences. In addition, since franchiser system in Malaysia is based on the business format of franchise whereby it comprises of a comprehensive system on how to operate and manage the business therefore franchisees can have better success rate and influence the decision to remain in the franchising business.

Ha4: Government Support and Bumiputera Franchisee Retention

The present study intended to test the relationship between a government support and Bumiputera franchisee retention. Consistent with the hypothesis, government support was found medium correlated with the Bumiputera franchisee retention. Furthermore, the result showed that within the financial support, training in business management, technical support, capital for start-up and capital expansion had a significant association with Bumiputera franchisee retention. This finding is associates to study by Yeng Keat and Shuhymee (2012) and Shamsuddin et al., (2018) that argued government support through training, financing, guidance and expertise would be necessary in entrepreneurship including the franchising business. Furthermore, during the protocol session, all the interviewees commented the supports and assistance received from government for the franchising business term including financial and capital assistance, training, education and etc. On the other, government support seems still be a best alternative to many new or young entrepreneurs that wish to venture in the franchising business because of higher capital investment compared to operate the traditional businesses.

6.3.2 Research Question 2: Do franchisor support, franchisor brand, franchisor franchise system influence the Bumiputera franchisee retention in Malaysia?

Ha5: Relationship between Franchisor Support and Bumiputera Franchisee Retention

It was expected that franchisor support would have positive effect on franchisee retention. Surprising, franchisor support was negatively not significant to the Bumiputera franchisee retention. It should be noted that in determining the franchisee retention, franchisor support has not influence Bumiputera franchisee to remain in the franchising business. One of possible reason franchisees required franchisor support for entire franchise contract and not just during pre or opening a new outlet. Even some franchisees likely need more franchisor support particularly in term of day-to-day business operation from franchisor successful operational system (Pine et al., 2000).

Hence, franchisee that received inconsistent franchisor support shall be less satisfied and leads to negative effect on relationship between franchisor and franchisee. In fact, this finding also consistent with previous study by Roh and Yoon (2009) reporting that franchisees who are satisfied may likely contribute to the success of overall franchising business. Furthermore, franchisor support also associated to franchisees commitment whereby franchisee normally likely access the level of support such for operational, marketing, training and etc. in determining the franchisee retention or attention to renew with the same franchisor business. This is supported by the finding obtained where franchisor support is fundamental that determined a franchisees overall satisfaction with the franchising business (Frazer et al., 2012). This finding

also supported the assertion by Nijmeijer, Huijsman and Fabbri (2014) that argued franchisor support shall have related to the outcome of the franchising business including franchisee decision to continue work with franchisor.

Another possible explanation is revealed during qualitative interview whereby franchisee revealed that some franchisee simply doesn't required franchisor support to run its franchising business particularly if they themselves had entrepreneurship knowledge and experienced in managing the business. Moreover, for the franchising business that carry small concepts, franchisor support unlikely not necessary or much needed. In other word, within franchisee knowledge and small franchises concept, franchisee can simple managed the franchising business including products, marketing and supply chain without too much depending on franchisor support for their success. However, franchisees also claimed that franchise manager who appointed by franchisor must be someone who have very good and experiences in the franchising business. In fact, the franchise manager is one who is a bridge between franchisor and the franchisee whereby to understand the franchisees problem and should try to work towards the success of both parties.

Ha6: Relationship between Franchisor Brand and Bumiputera Franchisee Retention

It was hypothesized that Franchisor Brand would influence Bumiputera Franchisee Retention. Surprising, the result finding was not consistent with the previous studies that reported the important franchisor brand towards the entire franchise business especially in determining franchisee to continue work with franchisor (franchisee retention) (e.g. Nyadzayo et al., 2012; Micheal et al., 2008; Frazer & Weaven 2006; Guilloux et al., 2004).

A possible reason for this negative result is that franchisee tend to have strong and quality franchisor brand that provide long term perspective because of nature of contract relationship between franchisor and franchisee. For instance, in Malaysia, the franchise agreement required minimum five (5) years agreement with franchisee. Therefore, franchisor brand that failed to give long term quality value to the franchisee is considered not attractive and may not influence towards the franchisee retention.

Another possible explanation that could influence the finding was due that franchisor brand is not popular as its supposedly to be under the franchise platform. Typically, the franchise business preferred to use brand as one of the marketing strategies to reach customers or even for supply chain. For instance, Erlinda et al., (2016), claimed that strong franchisor brand may influence the manufacturers, wholesalers, retailers as well as customers. And because of unpopularity of franchisor brand, it has destroyed opportunity of franchisee to get better and more customers. In fact, franchisee that highly depend on franchisor brands for its marketing and sales will be affected and thus will influence toward the franchisee retention.

Furthermore, according to few respondents during the interview session, franchisor brand should carry a better weight in the franchising business because it is associate and represent franchisor reputation or goodwill. Furthermore, in most cases franchisor brand also important to help franchisee to accelerate and sustain the franchising business through its brand popularity. that make franchisees as well as the franchising business viable and known to customers. In addition, many respondents also revealed that most of franchisor brand especially home-grown brands were failed to compete with some of international or local non-franchise brands that are more

longer existing and popular domestically. In fact, these non-franchise brands are sometime active and aggressively in promoting their business compared to the franchise brands which are more complacent and relax include lacking of creativity and innovation evolved. As a result, this will influence the decision of franchisees that unlikely decided not continue in the franchising business.

Ha7: Relationship between Franchisor Franchise System and Bumiputera Franchisee Retention

As compared to others relationship (i.e. franchisor support and franchisor brand), franchisor franchise system found to be strongly significant predictor of the Bumiputera franchisee retention. In other word, it is expected in the franchising business, the franchisee will be depending on franchisor franchise system to make decision on the franchising business retention. This finding obtained was consistent with other scholars who found agreeableness to the relationship between franchisor franchise system and decision to remain or continue work with franchisor (Nijmeijer, Huijsman & Fabbriotti 2014, Chiou et al., 2004).

Furthermore, this finding could explain how important of franchisor franchise system in influencing the Bumiputera franchisee retention. In addition, the finding suggests that franchisor must ensure the franchise system can work effectively and efficient particularly to meet the franchisee expectation in venturing the franchising business. For instance, franchisor franchise system should have an overall operational of the franchising business from producing product until deals with its customers. In other words, the great franchisor franchise system will ensure

that franchisees would be able to deliver the promise to customer that results to maintain customer relationship and build loyalty.

Moreover, the significant relationship in this study might be due to the reason franchisees that venture in the franchising business among those who are considered young and less experienced and minimum business knowledge including franchising. For example, 73.6 per cent and 85.6 per cent who less than 40 years old and less than two years in the franchising business respectively. In addition, there is a possibility that young and new franchisees required more comprehensive franchisor's franchise system to be in place such as product specification, manual, training, brand and support. In fact, by having the franchisor franchise system in order, it will guide and monitor the franchisees and to avoid franchisees' failure (Dunham & Toomey, 2005). There is also possibility that education background also influences the significance of franchisor's franchise system towards the Bumiputera franchisee retention because franchisees that are educated likely will not simply deviate but rather followed the rule and condition in the contract agreement of the franchise system (Watson et al., 2016).

During the qualitative phase, many respondents also acknowledge the critical of franchisor franchise system to the franchising business especially for young and new entrepreneurs who are lack of experienced and business knowledge. In fact, many franchisees that venture in the franchising business because they trust and confident that franchisor franchise system especially by business format type that establish from franchisor success business model will enable franchisees to run business smoothly and successfully. Therefore, this will influence franchisee retention with franchisor because franchisor franchise system will continue evolved in line with

franchisee business plan in the franchising business. Moreover, franchisees that confident with franchisor franchise system also likely may promote the franchising business and continue work with the same franchisor for longer period.

6.3.3 Research Question 3: Does government support moderate the relationship between franchisor support, franchisor brand, franchisor franchise system and Bumiputera franchisee retention?

Ha8: The moderating role of Government Support with Franchisor Support and Bumiputera Franchisee Retention

Following to the third research question, it was hypothesized that government support would act as a moderator between Franchisor Support and Bumiputera Franchisee Retention. The purpose of a moderating factor is to enhance the role of franchisor support in the relationship towards the franchise retention. The government support was measured by employing an instrument that assesses financial, training, technical support, capital for start-up and capital for expansion (Erastus, Stephen & Abdullai, 2014). On the other hand, franchisor support is measured by the level of satisfaction and support received by franchisee such on marketing, facilities, maintenance, problem and needs (Altinay, 2012).

Although the government support is expected to influence relationship between franchisor support and Bumiputera franchisee retention and to overcome negative direct relationship. The finding indicated that government support as a moderator does not influence the relationship between franchisor support and Bumiputera franchisee retention. Therefore, government

support did not qualify the relationship between franchisor support and Bumiputera franchisee retention.

There are several explanations that caused to lack of moderating effect of government support in linking between franchisor support and franchisee retention. Firstly, many past studies have pointed the government play a significant role in supporting entrepreneurship for success and sustainability (Ahmed, et al., 2005; Obaji, 2014), however, in the context of franchising business no research has empirically explored the influence of government support in relation between franchisor support and franchisee retention.

Another explanation, franchisor support also is one of essential criteria why franchisee choose to venture in franchising business. In fact, franchisor must provide continuous support especially in marketing to ensure higher-performing franchisees (Nijmeijer et al., 2014; Frazer 2006). In addition, franchisee that gain positive and perceived quality franchisor's support will have little effort to seek government support to remain in the franchising business. This is finding also supported by Berkowitz (2013) and Roh and Yoon (2009) who argued that continual support by franchisor plays important role to influence franchisee performance and also be one of important factor of decision to renew or retain in franchising business.

Apart from that, during qualitative finding also revealed reason why government support with franchisor support is not influence franchisee retention because low level of satisfaction especially among franchisees that venture in the franchising business. Although government provides various supports for the franchising business through financial assistance, management

training and start-up and expansion capital however the effect shall not be quantified to influence the franchisee retention especially some of the government support seems not give overall satisfaction to franchisees. There were also complains that communication and information pertaining to government support have not reach the target group or too many discrepancies between what industrial needs and what government supports are offered and provided to them.

Furthermore, since franchise is legally a contract that spell out franchisor responsibilities including provide support to franchisee, franchisees likely will more appreciate the support and assistance offered by franchisors in ensuring their franchise business success over the long term (Khairul Anuar, et al., 2016). In fact, one of the strong reasons why franchisee paying such of large amount of investment in the franchising business because of franchisees expectation that franchisor will provide quality and strong support in the franchising business. In addition, franchisees usually expected strong support from franchisor especially during tough time in the operating the business. For instance, when government of Malaysia had introduced the GST, which it supposedly to help franchisees but it had turned to be a massive problem to the many franchisees due to increase in their operating costs. As franchisee more satisfied with franchisor support, they are willing to forgo the government support and focus to ensure the sustainable of the franchising business.

Ha9: The moderating role of Government Support with Franchisor Brand and Bumiputera Franchisee Retention.

In the preceding hypothesized found that government support was not influenced the decision on franchisee retention particularly among Bumiputera in Malaysia. In view of this finding, the present hypotheses would further investigate whether government support would exhibit a moderating effect in the relationship between franchisor brand and Bumiputera franchisee retention. Looking to the similar assessment instruments of financial assistance, management training, technical support, capital for start-up and for expansion (Erastus, Stephen & Abdullai, 2014), the finding pointed that government support does not have a moderating effect between franchisor brand and Bumiputera franchisee retention.

In addition, it was found that government support seems has no influenced in relationship between franchisor brand and Bumiputera franchisee retention. This interaction effect is opposite of what was hypothesized. Considering government is actively supporting the Malaysia franchising business through many activities (Mohd Harif, et al., 2011) but it has not much benefited the franchising business especially from the view of franchisees. For instance, there is no assurance of government support for franchisees regardless what franchisor brands they had ventured. This also parallel to the previous study by Nijmeijer et al., (2014) whereby he argued that franchisor brand has no guarantee such for financing assistance or others in the healthcare industry. In fact, if the government support is strongly provided assistance based on franchisor brand, it could view positively by the franchisee and thus lead to enhance effect of franchisor brand on Bumiputera franchisee retention as moderated by government support.

Another explanation since franchisee is likely managed the similar business based on replication of franchisor business model (Hamid et al., 2003) therefore, the decision and branding direction on franchisor brand is strongly under franchisor control and authority as determined by Oni, Sekwele, Matiza and Pelser (2014). In addition, franchisees likely may not consider support and assistance including from government on franchisor brand toward the franchisee retention. Furthermore, franchisor brand is likely very much important selection before entering the franchising business rather than deciding to continue the franchising business. This finding lends support in relation to the conference by Yeung, Altinay and Brookes (2013) where they stated that opportunistic franchisees were likely spend less time to make decision to purchase franchise business but rather strongly relied on franchisor brand to start the franchising business. Similarly, during qualitative session interviewed, franchisees were also admitted that franchisor brand is an important influencer that attract them to venture in the franchising including the brand logo, colour or symbol that been developed by franchisor to capture the customers.

Furthermore, few respondents also argued that government has not given enough support especially on local or home-grown franchisor brands but rather focusing on franchisees for foreign franchisor that are more established and experienced. Although government has initiated many programs to promote local franchisor brand but unfortunately most of local franchise home grown have failed to sustain and established their names compare to international franchisor brands that likely are more popular and trusted. In fact, because of many failures among the local franchisor brand as well as when franchisees are less satisfied with local franchisor brand, it will also influence decision of franchisee in particular for franchisees retention in the franchising business as well as to extend the franchise contract with franchisor for another term.

In other words, the strong franchisor brand, to the greater the degree of satisfaction resulting to franchisee retention will be increased. This support by prior research by Hnuchek et al., (2013) and Davies and Lasser et al., (2011), argued that relationship between franchisor brand and franchisee decision to retain in the franchising business will strongly reflect to level of satisfaction and quality of the franchise business.

Ha10: The moderating role of Government Support with Franchisor Franchise System and Bumiputera Franchisee Retention (Hypothesis 10)

In the previous hypothesized, it was found that franchisor franchise system is highly significant predictor of the Bumiputera franchisee retention. In view of this, the researcher would like to extend the literature on government intervention by establishing the moderating effect of government support between franchisor franchise system and Bumiputera retention in Malaysia. In view of this, it was also hypothesized the government support (moderator) would positively affect franchisor franchise system and Bumiputera franchisee retention. Franchisor franchise system was measured by relationship value of cost and benefit (Ulaga & Eggert 2006). Whereas the instrumental of government support is similar to previous hypothesized that assess on financial, training, technical support, capital for start-up and expansion (Erastus, Stephen & Abdullai, 2014).

However, the analysis found that government support does not moderating the relationship between franchisor franchise system and Bumiputera franchisee retention. Despite of significant relationship between franchisor franchise system and Bumiputera franchisee retention, it is

interesting to know that government support has not moderated to the relationship between franchisor franchise system and Bumiputera franchisee retention. This is possibly due that in the franchising business, franchisee is strongly depend on franchisor in managing the franchising business (Davies, 2011). In addition, regardless of government support received by franchisee in supporting the franchising business, however franchisees' performance and survival are much depending on franchisor franchise system.

Under the franchise business format, besides brand and support, franchisor franchise system also consists of all specification and standardised of products and services including developed the standard of operation (SOP) and manual of operating the business that had been initiated and developed by franchisors. Typically, based on the franchising agreement, the franchisee is required to follow all procedures and regulation besides paying specific fees to franchisor as the owner of the franchise system (Khairul Anuar, 2016). This also consider an approach of franchisor to build a competitive advantage for franchisor against the competitors (Bernardo 2013). Because of this, franchisees are required to follow franchisor franchise system and less dependent to other such as government support especially in operating the franchising business including the decision to continue the franchising business. Indeed, Nijmeijer, Huijsman and Fabbrocotti (2014) and Chiou et al. (2004) revealed that franchisor franchise system not only important source of attracting franchisee but also are claim as fundamental aspect to determine the franchisee retention.

Another possible explanation, franchisee who is venture in the franchising business likely expected that franchise system was fully establish especially with franchisor years of business

existing, franchisor brands, products and its management team. With the concept of business format franchising, franchisee usually expected that the franchising business is the easiest way to start business especially with all supports and training provided by franchisor to operate the business. Consistent with Mohd Harif, et al., (2011) and Rosliana, et al., (2013) that claimed that franchising is one of the fastest, safest business model and could overcome business risks and business failure. And because of the establish franchisor franchise system, franchisee will strongly rely on franchisor rather than from government support to continue in the franchising business. Furthermore, strong franchisor franchise system will act to enforce standardisation and conformity by means of an operating manual and through gradually training, inspection and monitoring of franchisees. However, government support seems act only as a moderating effect to franchisee as alternative when or as they required such for financing aid or as a control mechanism to the business.

6.4 IMPLICATION OF THE STUDY

The study potential makes six (6) meaningful contributions to the development of franchise industry in Malaysia including theoretical and practical explanation as follows: -

6.4.1 THEORETICAL CONTRIBUTION

Firstly, theoretically this study builds on the work of marketing relationship that focus to develop long term relationship with the customer (Taleghani et al., 2011) including franchisees. The result and finding from the present research contribute significant role of marketing relationship

than formal relationship that is highly legalistic and franchisor attributes in the franchising business. Specifically, this will ensure and enhance the franchisees' survival and encourage them to extend the franchise term with franchisor franchise business. This also supported and contributed by means the important relationship between franchisor and franchise to ensure the franchising arrangement can last for a number a year (Frazer et al., 2008).

Second, the result show that franchisor attributes (i.e. franchisor support, franchisor brand, franchisor franchise system) were relevant and deemed important to franchisee franchise retention. Although very minimal research is conducted in determine franchisee retention however this is consistent with other research finding that indicate the important of franchisor support, franchisor brand and franchisor franchise system in related to the franchising business success (Roh & Yoon, 2009; Mendelsohn, 1999; Bernando, 2013; Nijmeijer, Huijsman & Fabbriotti 2014). Although there are many ways of setback in franchising such as dissimilarities business operation objectives, priorities, timing and also revenue stream (Davies et al., 2009; Grag and Rasheed, 2006) however the value from the franchisor's attributes which are franchisor support, franchisor brand, franchisor franchise system are deemed important since these factors may predict franchisees' retention in the franchise system. Furthermore, understanding the factors of franchisors attributes shall have contributed for strengthening franchisors method and to keep the long-term relationship with the franchisee and finally grow the franchise industry in Malaysia. Besides, at current franchisee retention is not yet conducive. Therefore, developing measurement for franchisees' retention is deemed appropriates specifically in Malaysia context.

Third, it is note from the above paragraph mentioned there are many franchising researches done in the world, but from Malaysia perspective the research number is still consider lack and limited (Mohd Harif, et al., 2011; Subarea & Ghani, 2009; Zahariah et al., 2009; Hoe, 2001). Furthermore, some researches on franchising business in the past have preferably applied either quantitative or qualitative method instead of a mixed method in the research. For instance, the research on the impact of trust in franchising relationship (Khairul Anuar, et al, 2016), relationship quality (Chin, 2014), franchising business performance (Isa, et al., 2012, Mohd Harif, et al., 2011) and success factor of franchising (Hamid, et al., 2003). Therefore, it is very importance to produce and establish more studies on mixed method particularly from Malaysia perspective as to guide Malaysia franchise industry. Hence, this present study could also provide valuable and new knowledge that likely to ensure the franchisee retention in the franchise business in Malaysia during the franchise agreement and result an option to renew along with the duration of the potential renewal period (s) offer by the franchisor.

Forth, franchisee retention should thus become a part of the strategic marketing planning process for franchisors to prepare predetermined measuring technique to influence franchisees and to understand what the expectation from the franchisees against franchisors. These finding were associated by previous research that claimed franchisees may not only remain (retention) with the franchising business but also work towards its success with franchisor that pay attention to deliver confirming expectation according to franchisor work experiences, organization support and fair treatment to the franchisees (Morison, 1997; Mowday, 1979). Furthermore, the finding also could be relevant and reference information especially among franchisees to venture in franchising business. In fact, many of franchise outlets owned by franchisees have faced problem

and result to be terminated. According to the research by Erlinda, Suryana, Afiff and Helmi (2015) in Indonesia there were about 43% of failure brands of franchises businesses in last five (5) year from 2010 to 2015. Subsequently, the statistical data from PNS also revealed that more than 15 percent of non-active franchisees accounts that likely failed or ceased from the franchise business before the franchise contract end. Record also showed that the failure rate of franchise operations that had been identified at the rate of 15 to 30 percent every year (Yong-Ki, et al., 2015); (Holmberg and Morgan, 2003); (White, 2010).

Finally, this study would contribute towards using the social exchange theory (SET) view to develop the proposed framework of this study. Therefore, the findings obtained showed that the franchising business is strongly related to social economic between franchisor and franchisee. This is agreed by Ekelund (2014) and Tikoo (2005) who stated that franchising is about social system rather than economic system. Furthermore, it could also provide answers and explanation towards importance on how to control the franchisees behavior particularly on social behavior rather than depending purely on contractual form of agreement (Altinay, Brookes et al., 2014). Hence, building from these theories, would contribute towards the principle streams about franchisee retention and consequences of franchising and thus could be developed further.

6.4.2 PRACTICAL CONTRIBUTION

Practically, the present study would provide priceless information to the franchise industry players in Malaysia especially for the Ministry of Domestic Trade, Consumerism and Cooperative (MDTCC) as the franchise regulator and policy maker. Furthermore, what is the

most interesting, it also gives major concern why so much effort and money contributed by government towards the development of the franchising business in Malaysia but unfortunately were failed to boost and accelerate particularly towards Bumiputera franchisees' business performance and retention. Notwithstanding, it was not focused according to each dimension, but information could be relevant especially for government to undertake serious action towards franchisees retention.

Nevertheless, with high expectation from Malaysia government in the franchising business with the annual target growth of 10% - 12% could be significant for the research (Zahariah et al., 2009). Perhaps, with this present study may benefit and complements the agencies such as Perbadanan Nasional Berhad (PNS), Malaysia Franchise Association (MFA), and also franchisors, franchisees or others such as the Financial Institutions (FI) towards the entrepreneurial competencies study especially on Malaysia small and medium enterprise SMEs and subsequently to minimize business risks and adapt to change in market conditions. Among the challenges in franchising due to economic impacts including job creation, increase in tax base, modernization, financial and SME development (Delfino 2013; Alon, 2004).

Secondly, Malaysia government has been putting many efforts to develop entrepreneurship particularly in franchise business in Malaysia (Isa, et al., 2012); (Mohd Harif, et al., 2011). Therefore, the present study can be used to again understanding of the government support in the franchising business particularly on franchisees. In fact, the success and sustainability of franchisees are essential since they are the one who invest in what they believe to be franchisor's proven business model (Buchan, 2015). Furthermore, since many of franchise outlets are

managing and operating by franchisees and franchisees are likely have access direct to the consumers (Sanny, 2015); (Brookes & Altiney, 2011) instead of franchisor, therefore it must be protected and with low risks of failure. Perhaps, a special support program such as financing assistance that available for franchisees to maintain the business operation is a must and critical besides especially for start-up and for expansion purposes. Government also should give more opportunity to a new franchisor brands especially among home grown franchise to establish their brands in the country by giving special incentive for new outlet opening. This also could attract more business to be converted in the franchising business as well as to minimize the business risk or investment in unsecure business such as licensing.

Nevertheless, from the present study indicates despite of government support is important towards the franchisee retention but likely many franchisees feel that some of government support is still far reach the key objective and not be so effective. For instance, a good franchisor always considered technology, innovation and new strategy in its franchise business are essential to ensure franchisor system work and adapted in business environment beside long-term franchisees successful. Unfortunately, least or minimum focus such a customize training, program or financing in relation to innovation and creativity are been provided and organized. For instance, due to development of technology and e-business, a special training or facilities support program for franchisor or franchisee to develop its own website, mobile application or payment gateway to increase their business opportunities in the franchising business. In addition, this also could benefit franchisor become more reliable and valuable to compete with competitive market and to ensure long term benefit to the franchisees particularly to remain in the franchising business.

Finally, since the franchising business in Malaysia is still considered at infant stages compared to the international franchising business likes in USA, Australia, UK and other European countries. In addition, this study provides contribution that government should continuously give supports and assistances in the franchising business although Malaysia is considered very supportive country such as agencies or division under the Ministry to manage and oversea the franchising business. Probably, because of less experienced and knowledge among officers, many of these support programs and activities organized by government have failed to meet the expectation or requirement by franchisors or franchisees. Besides, database information regarding franchisors and franchisees also are not up-to-date and have many loopholes since information of franchisor and franchisee are only required during the registration or for the updating report purposes. This will result to some activities or supports program either are not reach the target groups or ended up with low participation.

6.5 RECOMMENDATION

6.5.1 THE ROLE OF FRANCHISOR

From the research finding, there is very interesting to understand that it is not an easy to keep franchisee retention particularly for Bumiputera in Malaysia. Moreover, based on quantitative study, it was confirmed that three (3) important franchisor attributes which are franchisor support, franchisor brand and franchisor franchise system that related to the Bumiputera franchisee retention.

Franchisor support should begin on how franchisor should demonstrate his or her leadership skills to lead and become role model to franchisee. Since most of franchisees that venture in the franchising business are without or less business knowledge and experienced, ability to show off the positive way of running business by franchisor may inspired franchisee to success especially when franchisee is stuck or complacent. This includes how franchisor overcome failure to be success in the business, their business growth and even creative part franchisor has done to the business. The franchisor should also have more gradually meeting and frequent interaction with franchisees instead of relying fully on the franchisor manager to handle on franchisees matters such as giving consistent support to strengthen the relationship with franchisee. When franchisor showed strong consistent support through proper guidance, training and monitoring, these can improve satisfaction and thus influence franchisee retention in the franchise system. For instance, franchisor needs to put strong efforts and resources to support franchisee from beginning of franchise agreement until contract end. Although, franchisor support is commonly highlighted in the franchising agreement, such as initial training and marketing activities, but for better improvement it shall include the specific site selection program, on-going training, assistance and monitoring by franchisor. In fact, the financial assistance, consultancy and workers are also among the crucial matters for franchisor to meet the expectation of franchisee.

On the other hand, the result of this study also acknowledges that franchisor brand is essential in the franchising business. Even, in the qualitative finding also revealed the reason why franchisee retention because of the strong franchisor brand. This because strong franchisor brand could accelerate and minimize the franchisees afford particularly in marketing and advertising due to

brand popularity and awareness. Furthermore, the finding also indicates that there are significant differences of success and failure of franchisor brand because of brand immature and too localized brand that have affected franchisees satisfaction and performance. It is not surprising that many franchisees are highly considered franchisor brand prior to venture in the franchising business besides of the franchisors' franchise system. In addition, it is strongly recommended that franchisor should play more proactive roles to promote the franchisor brand. For instance, in latest business trending required franchisor to be strongly involved and develop e-marketing activities either through blog, twitter, Instagram and others social networking platform or multimedia sharing (YouTube) to promote it product as well to ensure the brand is viable to customers. Ultimately, this could benefit franchisees from the strong franchisor brands and popularity to capture the customers and thus reduce marketing costs.

Finally, it was also noticed that franchisor franchise system is the most critical element in franchising business. Without strong franchisor franchise system, a franchisee maybe is unable to success or growth in the franchising business. Despite the fact, franchise system is aligned in the franchising contract and franchisee is part of the system, franchisor should ensure that franchise system must give more value, benefits and supports to franchisee so that will it reduce business uncertainty and thus improved franchisee satisfaction. In addition, it is strongly suggested that franchisor should putting more serious efforts, time and money to develop strong franchise system and further to ensure franchisees retention. For instance, in the franchisor franchise system for new recruitment process only considered franchisees that have minimum two (2) year business related and must complete certain training hours, test or interview before be considered. This is because, as the franchise systems have operationalized and gradually

matured, franchisors likely face various challenges, obstacles and restrictions that have affected relationship with franchisee within the franchising business. Furthermore, franchisor also should be more responsible for its franchisees such appoint right people, personnel or manager to oversee the operation and growth of the franchisor franchise system. This could improve satisfaction as well as relationship between franchisor and franchisee in order to meet the positive franchising business performance. Lastly, franchisor also should be more up-to-date, creative and take opportunity on latest development using technology and system to overcome ineffective and inefficiency in managing the franchising business. This includes technology to overcome cost issues, quality or control matters in the franchising business. Perhaps, Harmon (2008) reported the restrictions including the franchisor control, contractual specification and cost associated among issues within the franchise operating system.

6.5.2 THE ROLE GOVERNMENT SUPPORT

In the context of government support, it showed that government support should have a more important role to intervening in the franchising business as well as to ensure the Bumiputera franchisee to remain in the franchise contract with franchisor. Although, the finding revealed that the financial aids, training, technical support and capital for startup and expansion are not provide link to the franchisor attributes for Bumiputera franchisee retention, however it is still considered motive and relevant to promote the franchising industry together to grow the relationship between franchisor and franchisee. In addition, government should frequently review the support programs in every three (3) or five (5) years in ensuring the result and outcome of the programs. In fact, this will help to ensure that government will not wrongly spending its

money, but rather ensure only quality and effective programs are organized toward the franchise development.

Furthermore, government support shall focus more on strategy on business stability and to avoid failure among franchisees especially during on-going business. For instance, government can provide rental subsidies for franchisees that operate the franchising business especially in big cities such as Kuala Lumpur, Johor Bahru, Penang and Ipoh. Besides of rental, government agency through Perbadanan Nasional Berhad (PNS) should play a better role in supporting Bumiputera in the franchising business. For instance, PNS can provide a special financing for franchisees or franchisors for their on-going business activities such for purchasing stocks, payment of salaries and maintenance outlets and etc. Apart from that, PNS also can be a hub for franchisor and franchisee in supplying raw material or workers through a special collaboration with suppliers, warehouse, retailer or even providing worker either professional or non-professional. Finally, PNS should continuously provide educational programs to enhance knowledge and skills in the franchising business for instance developed on-line pre-entry program for new and potential franchisees before they involved in the franchising business.

Besides that, since franchising in Malaysia is strongly governed by the Franchise Act 1998 (amended 2012), it suggested that Ministry of Domestic Trade and Consumer Affairs (MDTC) or previously known as Ministry of Domestic Trade, Cooperatives and Consumerism (MDTCC) through Franchise Development Division to re-visit and reviewed certain provisions in the Franchise Act. It was noted and practiced in many countries worldwide that franchising and licensing business were almost similar except in some countries such as Malaysia that imposed

specific act to differentiate it. In addition, because of this rules and provisions, many licensing businesses refused to convert or registered their business to the franchise business because of limitation and challenges especially when it comes to legal aspects or requirements. Furthermore, some terms and provision in franchising seems have loopholes especially in protecting franchisees that known are depending on franchisor's business experienced and knowledge. Therefore, it is suggested that the franchise term should be reviewed for minimum only for three (3) years instead of five (5) years depending on the cost of investment. For instance, franchise package that required investment less than RM 150,000 investment amount must not exceed more than three (3) years of the franchise term or contract. In fact, this will give franchisee more option to evaluate the performance of the franchising business before decided to continue or withdraw the franchise agreement with franchisor.

Furthermore, it also suggested that since the franchisor franchise system is the most critical element in the franchising business, the government should develop proposed model to be used or adopted as a policy guideline in determining the franchising business development particularly in Malaysia. In fact, this policy or blueprint will provide as a guidelines and implementation for franchisee to venture in the franchising business. Although, PNS has introduced the franchisor rating to evaluate the franchisor performance majorly for financing assessment, however the implementation of franchisors rating has not used broadly especially for franchisees to know the capability or strength of franchisors to avoid failure in venturing the franchising business. Additionally, it is recommended and suggested a special contingency fund can be created from monthly contribution of franchisees. This fund can be used specifically on emergency or overcome franchisee problem during on-going business operation.

Finally, government support also should focus support assistance or incentive on human resources management to overcome problem in retail businesses due of too dependency of foreign workers in certain critical business industry such in foods and beverages sectors. The support also should emphasize on technology, innovation or creativities incentive to enhance the franchising business. In fact, the industrial revolution 4.0 also provides better opportunity for franchisor to invest and explore on new technology for improving the franchisor franchise system including to enhance the center kitchen or retail outlets to ensure the continuous success.

6.6 FUTURE RESEARCH DIRECTION

It is known that research on the franchising business is very minimum compared to other areas of the business research. In addition, from the proposition of the relationship could be major outline for the future research that would emphasize into more specific area such as by dimension or index of each variable and sectors (food & beverages, services, health & beauty, government support etc.). Secondly, since current research only collected data analysis from franchisees, future study can include also franchisors as part of respondents for statistical analysis as well for semi-structure interview to evaluate the views besides what had been collected only from franchisees. Third, despite of focus on Bumiputera, future research would include non-Bumiputera as part of respondents to have better understand of overall business on franchisee retention in Malaysia. Lastly, since few researches especially on the qualitative approaches have been developed, this research probably is another way to develop future qualitative research and comprehensive mixed method research in franchising and thus overcome lack of qualitative and mixed method research in the field of the franchise business

6.7 CONCLUSION

This study showed that relationship is a critical factor to determine the franchisee retention. On the whole, the respondents to this study showed relationship effect of all franchisor's attribute which are franchisor support, franchisor brand and franchisor franchise system in successful of Bumiputera franchisee retention. Although, there is no literature that provides evidence and justification specifically for franchisee retention, but similarly, this present study is consistent with other similar researches conducted on evaluating franchising business that contribute to the long-term agreement with the franchisor (Oni et al., 2014). The result in the current study also shows when both the combined measure of government support as well as the franchisor attributes (i.e. franchisor support, franchisor brand and franchisor franchise system) failed to moderate the Bumiputera franchisee retention. Although this result is not in-line with few studies on successful government support roles on entrepreneurship, and since the result of semi-interviewed are used as an input, government support could play more important role to intervening in the franchising business as well as to ensure the Bumiputera franchisee to remain in the franchise contract with the franchisor. Furthermore, since no studies had examined the role of government support in the context of the franchising business but the result contributes to the literature as now more detailed knowledge of the relationship particularly on franchisor support, franchisor brand, franchisor franchise system and government support are available research or further research of franchising in future.

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APPENDIX 1: LETTERS AND QUESTIONNAIRE

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To whom it may concern

Dear Valued Respondents,

Invitation to Participate Academic Survey

Respectfully, I refer to the above-mentioned matter.

In relation to the academic requirement for my Doctoral Program, I am conducting this survey for the purpose of exploring and explaining the interrelation between factors that influence the success of franchise business in Malaysia.

For your kind information, your response will be strictly confidential and will be used for the sole purpose of academic research and will not be given to any third parties.

Therefore, I humbly seek for your kind time and cooperation to answer the survey truthfully. Thank you in advance for your cooperation and time. Should you need further clarification, do not hesitate to contact me through telephone at 019-5594977 or email at hafizi.sulaiman@pns.com.my

Regards,

Encl

SECTION A: GENERAL INFORMATION

(Tick the appropriate box)

This section is pertaining to your personal details. Kindly fill in the data.

1. Gender

Male ☐

Female ☐

2. Age: _____ years.

3. Highest education

☐ SPM / STPM

☐ Certificate

☐ Diploma

☐ Degree

☐ Others: Please state: _____

4. How long have you been in business?years.

5. How long have you been in franchising industry?.....years.

6. How long have you been in this franchise? years.

7. Your capital investment in franchising business: RM_____

8. Source of startup funding:

☐ Personal Saving

☐ Borrowed from relative or friend

☐ Sold previous business

☐ Bank Loan

☐ Others: Please indicate _____

9. Please indicate particular industry which the franchise falls under:

- | | |
|--|--|
| <input type="checkbox"/> Food & Beverage | <input type="checkbox"/> Learning Centre & Education |
| <input type="checkbox"/> Service & Maintenance | <input type="checkbox"/> Clothing & Accessories |
| <input type="checkbox"/> Others: Please indicate _____ | |

10. Please indicate the location of your shop.

- | | |
|--|--|
| <input type="checkbox"/> Commercial Area | <input type="checkbox"/> Office Area |
| <input type="checkbox"/> Residential Area | <input type="checkbox"/> University Area |
| <input type="checkbox"/> Others: Please indicate _____ | |



SECTION I: FRANCHISEE RETENTION

Please respond to the following statements by indicating the extent to which you agree or disagree as per the given choices

Strongly Disagree	Disagree	Partially Agree	Agree	Strongly Agree
1	2	3	4	5

		1	2	3	4	5
		Strongly Disagree	Disagree	Partially Agree	Agree	Strongly Agree
	SECTION I. FRANCHISEE RETENTION					
	Calculative/Continuance Commitment					
1.	It would be very hard for me to leave the franchise business right now, even if I wanted to.	1	2	3	4	5
2.	Too much of my life would be disrupted if I decided I wanted to leave the franchise business right now.	1	2	3	4	5
3.	Right now, staying with the franchise business is a matter of necessity as much as desire.	1	2	3	4	5
4.	I feel that I have too few options to consider leaving the franchise business.	1	2	3	4	5
	Satisfaction					
5.	I am satisfied with how I use my personal qualities.	1	2	3	4	5
6.	I am satisfied with how I make decision on my own initiative.	1	2	3	4	5
7.	I am satisfied that my work offers me a feeling of achievement	1	2	3	4	5
8.	I am satisfied with my income in relation to the work I do.	1	2	3	4	5

SECTION II: FRANCHISOR FRANCHISE SYSTEM

Please respond to the following statements by indicating the extent to which you agree or disagree as per the given choices

Strongly Disagree	Disagree	Partially Agree	Agree	Strongly Agree
1	2	3	4	5

		1	2	3	4	5
		Strongly Disagree	Disagree	Partially Agree	Agree	Strongly Agree
	SECTION II. FRANCHISOR FRANCHISE SYSTEM					
9.	The relationship with my franchise system is more valuable.	1	2	3	4	5
10.	The franchisor creates more value in the franchise system when I compare all the costs of the relationship.	1	2	3	4	5
11.	The franchisor creates more value in the franchise system when I compare all the benefits of the relationship.	1	2	3	4	5

SECTION III: FRANCHISOR BRAND

Please respond to the following statements by indicating the extent to which you agree or disagree as per the given choices

Strongly Disagree	Disagree	Partially Agree	Agree	Strongly Agree
1	2	3	4	5

		1	2	3	4	5
		Strongly Disagree	Disagree	Partially Agree	Agree	Strongly Agree
	SECTION III. FRANCHISOR BRAND					
12.	My franchisor is the best brand in the industry.	1	2	3	4	5
13.	My franchisor enjoys higher brand recognition than do competitors.	1	2	3	4	5
14.	My franchisor brand has good reputation nationally.	1	2	3	4	5
15.	My franchisor is the first choice when considering product or service from my customer perspective.	1	2	3	4	5

SECTION IV: FRANCHISOR SUPPORT

Please respond to the following statements by indicating the extent to which you agree or disagree as per the given choices.

Strongly Disagree	Disagree	Partially Agree	Agree	Strongly Agree
1	2	3	4	5

		1	2	3	4	5
		Strongly Disagree	Disagree	Partially Agree	Agree	Strongly Agree
	SECTION IV: FRANCHISOR SUPPORT					
16.	My franchisor supports the marketing activities.	1	2	3	4	5
17.	My franchisor supports the facilities for my franchise unit.	1	2	3	4	5
18.	My franchisor supports the maintenance for my franchise unit.	1	2	3	4	5
19.	When I have a problem, my franchisor is there to solve my problem.	1	2	3	4	5
20.	My franchisor understands my needs.	1	2	3	4	5
21.	My franchisor supports me as possible as he can.	1	2	3	4	5

SECTION V: GOVERNMENT SUPPORT

Please respond to the following statements by indicating the extent to which you agree or disagree as per the given choices

Strongly Disagree	Disagree	Partially Agree	Agree	Strongly Agree
1	2	3	4	5

		1	2	3	4	5
		Strongly Disagree	Disagree	Partially Agree	Agree	Strongly Agree
	SECTION V. GOVERNMENT SUPPORT					
22.	I received adequate financial support from government.	1	2	3	4	5
23.	I received adequate business management related training from government.	1	2	3	4	5
24.	I received useful technical support from government.	1	2	3	4	5
25.	I received adequate capital for start-up from government.	1	2	3	4	5
26.	I received adequate capital for expansion from government.	1	2	3	4	5

Thanks for your time and cooperation

APPENDIX 2: SEMI-STRUCTURED QUESTIONNAIRES FOR SEQUENTIAL EXPLANATORY MIXED METHOD

Thank you so much for taking the time to participate today. This current research is to explore the interrelation between factors that influence the success of franchise business in Malaysia. Specifically, this research is focused on how to retain franchisee and why make the franchisee retain in the franchising business specifically among Bumiputera in Malaysia (i.e. elaborate about the franchisor attributes (i.e. franchisor support, franchisor brand and franchisor franchise system important to the franchising business). Furthermore, I also will ask you to be as specific as possible regarding the role of government support that received by franchisee in the franchising business. It would be more helpful to know the type and details of government support received by franchisee such as names of program, amount, and duration.

Question 1.

What make you enter the franchising business? Is it because the franchisor support, franchisor brand and franchisor franchise system?

Apakah yang menyebabkan anda menceburi perniagaan francais? Adakah ia kerana sokongan pemberi francais, jenama pemberi francais dan sistem francais pemberi francais?

Question 2

After you enter the franchising business, how your organization (i.e. franchisee) considered the franchisor attributes such as franchisor support, franchisor brand and franchisor franchise system help in your franchising business.

Setelah anda menceburi perniagaan francais, bagaimana organisasi anda (iaitu penerima francais / francais) menerima ciri-ciri pemberi francais seperti sokongan pemberi francais, jenama pemberi francais dan sistem francais pemberi francais membantu didalam perniagaan francais.

Question 3.

Out of franchisor attributes listed, which you think that most critical to the successful of Bumiputera franchisee retention? And why it is so important?

Daripada ciri pemberi francais yang tersenarai diatas, yang manakah yang anda fikir paling kritikal bagi memastikan pengekaln perniagaan francais Bumiputera ?

Dan mengapa ia begitu penting?

Question 4.

Has your company received any supports and assistance from government?

Adakah anda menerima sebarang sokongan dan bantuan daripada kerajaan?

- IV. What type of support and assistance you received in the franchising business? / *Apakah jenis sokongan dan bantuan yang diterima oleh anda didalam perniagaan francais?*
- V. When did you received this government support and assistance for the franchising business? / *Bilakah anda menerima sokongan dan bantuan daripada Kerajaan untuk perniagaan francais?*
- VI. What other things you want government to support or assist in ensuring the successful of the franchising business? / *Apakah perkara-perkara lain anda fikir perlu dibantu oleh Kerajaan untuk memastikan kejayaan didalam perniagaan francais?*

Question 5

Did you feel satisfied and want to continue with a new term with the same franchising business? and Why?

Adakah anda rasa berpuas hati dan ingin meneruskan perjanjian baru dengan perniagaan francais yang sama? Dan Kenapa?

Question 6

Are there other things that you feel important to share with me related to your experience of running the franchising business?

Adakah ada perkara lain yang anda ingin berkongsi dengan saya berkaitan dengan pengalaman anda menjalankan perniagaan francais?



APPENDIX 3: FREQUENCIES

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
Frch_franchisesytem	125	1.00	5.00	3.4667	.89403	-.414	.217	.183	.430
Frhs_support3	125	1.00	5.00	3.5893	.83777	-.552	.217	.148	.430
Frch_francbrand	125	1.00	5.00	3.5060	.88643	-.338	.217	-.210	.430
Gov_support	125	1.00	5.00	3.3072	.89930	-.237	.217	.117	.430
Frch_retention_final	125	1.00	7.45	3.5927	.75714	.567	.217	5.728	.430
Valid N (listwise)	125								

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
Frhs_support	125	1.00	5.00	3.5893	.83777	-.552	.217	.148	.430
Frch_francbrand	125	1.00	5.00	3.5060	.88643	-.338	.217	-.210	.430
Frch_franchisesytem	125	1.00	5.00	3.4667	.89403	-.414	.217	.183	.430
Gov_support	125	1.00	5.00	3.3072	.89930	-.237	.217	.117	.430
Frch_Retention_	125	1.00	8.22	3.5982	.78944	1.168	.217	9.562	.430
Valid N (listwise)	125								

APPENDIX 4: MAHALANOBIS TEST

Residuals Statistics^a

	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	1.9191	4.6181	3.5927	.56506	125
Std. Predicted Value	-2.962	1.815	.000	1.000	125
Standard Error of Predicted Value	.052	.190	.097	.032	125
Adjusted Predicted Value	2.0107	4.6188	3.5922	.56651	125
Residual	-.96125	3.52879	.00000	.50395	125
Std. Residual	-1.876	6.888	.000	.984	125
Stud. Residual	-1.906	6.934	.001	1.002	125
Deleted Residual	-1.01072	3.57594	.00055	.52361	125
Stud. Deleted Residual	-1.927	8.920	.016	1.124	125
Mahal. Distance	.276	16.070	3.968	3.383	125
Cook's Distance	.000	.128	.008	.018	125
Cantered Leverage Value	.002	.130	.032	.027	125

a. Dependent Variable: Frch_retention_final

APPENDIX 5: FACTOR ANALYSIS

Correlation Matrix

	AFR CC4	AFR CC5	AFR CC6	AFR CC7	AFR S18	AFR S19	AFR S22	AFR S23	BFF S31	BFF S32	BFF S33	CBF B34	CBF B35	CBF B36	CBF B37	DFS 38	DFS 39	DFS 40	DFS 45	DFS 47	DFS 48	FGi 57	FGi 58	FGi 59	FGi 60	FGi 61
AFR CC4	1.00 0	.774	.470	.542	.480	.432	.485	.364	.551	.508	.516	.318	.456	.444	.378	.457	.470	.416	.520	.521	.491	.298	.330	.215	.173	.123
AFR CC5	.774	1.00 0	.648	.617	.389	.379	.415	.291	.439	.456	.434	.235	.461	.407	.380	.446	.392	.367	.464	.482	.431	.236	.263	.201	.206	.148
AFR CC6	.470	.648	1.00 0	.576	.337	.304	.312	.268	.277	.353	.318	.295	.390	.356	.345	.317	.320	.305	.386	.389	.370	.246	.251	.198	.198	.213
AFR CC7	.542	.617	.576	1.00 0	.419	.367	.382	.400	.364	.450	.454	.281	.372	.415	.458	.340	.383	.351	.379	.458	.359	.227	.284	.223	.250	.261
AFR S18	.480	.389	.337	.419	1.00 0	.813	.726	.732	.714	.685	.738	.547	.561	.607	.677	.527	.541	.498	.594	.557	.560	.389	.470	.363	.331	.342
AFR S19	.432	.379	.304	.367	.813	1.00 0	.787	.710	.726	.681	.698	.531	.558	.530	.609	.482	.560	.485	.612	.552	.587	.327	.422	.287	.328	.346
AFR S22	.485	.415	.312	.382	.726	.787	1.00 0	.710	.690	.669	.681	.488	.547	.574	.601	.495	.525	.504	.533	.566	.533	.373	.449	.289	.324	.352
AFR S23	.364	.291	.268	.400	.732	.710	.710	1.00 0	.669	.681	.736	.511	.516	.626	.656	.534	.616	.556	.571	.563	.568	.454	.470	.402	.438	.478
BFF S31	.551	.439	.277	.364	.714	.726	.690	.669	1.00 0	.853	.846	.652	.743	.710	.736	.738	.745	.668	.752	.754	.705	.463	.585	.464	.382	.396
BFF S32	.508	.456	.353	.450	.685	.681	.669	.681	.853	1.00 0	.915	.627	.708	.709	.749	.686	.747	.634	.660	.753	.700	.483	.543	.464	.434	.450
BFF S33	.516	.434	.318	.454	.738	.698	.681	.736	.846	.915	1.00 0	.637	.702	.743	.777	.669	.706	.678	.731	.741	.698	.486	.543	.444	.411	.411
CBF B34	.318	.235	.295	.281	.547	.531	.488	.511	.652	.627	.637	1.00 0	.738	.699	.747	.632	.639	.631	.565	.605	.588	.470	.532	.422	.454	.428
CBF B35	.456	.461	.390	.372	.561	.558	.547	.516	.743	.708	.702	.738	1.00 0	.822	.809	.727	.689	.696	.646	.656	.677	.441	.473	.439	.411	.426
CBF B36	.444	.407	.356	.415	.607	.530	.574	.626	.710	.709	.743	.699	.822	1.00 0	.860	.746	.719	.721	.658	.741	.687	.429	.436	.461	.472	.456
CBF B37	.378	.380	.345	.458	.677	.609	.601	.656	.736	.749	.777	.747	.809	.860	1.00 0	.686	.706	.709	.671	.706	.663	.454	.543	.445	.462	.467
DFS 38	.457	.446	.317	.340	.527	.482	.495	.534	.738	.686	.669	.632	.727	.746	.686	1.00 0	.824	.756	.728	.748	.723	.460	.559	.522	.423	.417
DFS 39	.470	.392	.320	.383	.541	.560	.525	.616	.745	.747	.706	.639	.689	.719	.706	.824	1.00 0	.832	.721	.783	.760	.445	.526	.484	.418	.426

DFS 40	.416	.367	.305	.351	.498	.485	.504	.556	.668	.634	.678	.631	.696	.721	.709	.756	.832	1.00 0	.714	.702	.697	.486	.538	.494	.397	.373
DFS 45	.520	.464	.386	.379	.594	.612	.533	.571	.752	.660	.731	.565	.646	.658	.671	.728	.721	.714	1.00 0	.814	.832	.394	.501	.396	.281	.326
DFS 47	.521	.482	.389	.458	.557	.552	.566	.563	.754	.753	.741	.605	.656	.741	.706	.748	.783	.702	.814	1.00 0	.808	.417	.539	.484	.383	.390
DFS 48	.491	.431	.370	.359	.560	.587	.533	.568	.705	.700	.698	.588	.677	.687	.663	.723	.760	.697	.832	.808	1.00 0	.375	.460	.439	.346	.375
FGi 57	.298	.236	.246	.227	.389	.327	.373	.454	.463	.483	.486	.470	.441	.429	.454	.460	.445	.486	.394	.417	.375	1.00 0	.830	.756	.767	.725
FGi 58	.330	.263	.251	.284	.470	.422	.449	.470	.585	.543	.543	.532	.473	.436	.543	.559	.526	.538	.501	.539	.460	.830	1.00 0	.794	.667	.685
FGi 59	.215	.201	.198	.223	.363	.287	.289	.402	.464	.464	.444	.422	.439	.461	.445	.522	.484	.494	.396	.484	.439	.756	.794	1.00 0	.782	.802
FGi 60	.173	.206	.198	.250	.331	.328	.324	.438	.382	.434	.411	.454	.411	.472	.462	.423	.418	.397	.281	.383	.346	.767	.667	.782	1.00 0	.891
FGi 61	.123	.148	.213	.261	.342	.346	.352	.478	.396	.450	.411	.428	.426	.456	.467	.417	.426	.373	.326	.390	.375	.725	.685	.802	.891	1.00 0



Rotated Component Matrix

	Component			
	1	2	3	4
AFRCC4	.314			.734
AFRCC5				.871
AFRCC6				.781
AFRCC7				.741
AFRS18	.346		.784	
AFRS19	.336		.820	
AFRS22	.309		.779	
AFRS23	.369		.724	
BFFS31	.666		.549	
BFFS32	.610		.545	
BFFS33	.617		.594	
CBFB34	.667	.302	.310	
CBFB35	.742			
CBFB36	.749		.321	
CBFB37	.695		.433	
DFS38	.813			
DFS39	.809			
DFS40	.801			
DFS45	.751		.304	
DFS47	.763			.307
DFS48	.770			
FGi57		.839		
FGi58	.339	.763		
FGi59	.317	.856		
FGi60		.889		
FGi61		.884		

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 6 iterations.

APPENDIX 6: RELIABILITY

Scale: Franchisee Retention

Case Processing Summary

		N	%
Cases	Valid	125	100.0
	Excluded	0	0.0
	Total	125	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.890	.891	8

Item Statistics

	Mean	Std. Deviation	N
AFRCC4	3.6320	.89385	125
AFRCC5	3.4160	.96874	125
AFRCC6	3.5360	.87569	125
AFRCC7	3.4400	.91933	125
AFRS18	3.7200	.86696	125
AFRS19	3.7040	.84265	125
AFRS22	3.7680	.84372	125
AFRS23	3.4880	.90354	125

Inter-Item Correlation Matrix

	AFRCC4	AFRCC5	AFRCC6	AFRCC7	AFRS18	AFRS19	AFRS22	AFRS23
AFRCC4	1.000	.774	.470	.542	.480	.432	.485	.364
AFRCC5	.774	1.000	.648	.617	.389	.379	.415	.291
AFRCC6	.470	.648	1.000	.576	.337	.304	.312	.268
AFRCC7	.542	.617	.576	1.000	.419	.367	.382	.400
AFRS18	.480	.389	.337	.419	1.000	.813	.726	.732
AFRS19	.432	.379	.304	.367	.813	1.000	.787	.710
AFRS22	.485	.415	.312	.382	.726	.787	1.000	.710
AFRS23	.364	.291	.268	.400	.732	.710	.710	1.000

Summary Item Statistics

	Mean	Minimum	Maximum	Range	Maximum / Minimum	Variance	N of Items
Inter-Item Correlations	.505	.268	.813	.545	3.032	.029	8

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
AFRCC4	25.0720	22.148	.675	.650	.875
AFRCC5	25.2880	21.691	.665	.721	.876
AFRCC6	25.1680	23.254	.546	.480	.887
AFRCC7	25.2640	22.373	.622	.485	.880
AFRS18	24.9840	21.903	.736	.729	.869
AFRS19	25.0000	22.242	.714	.749	.871
AFRS22	24.9360	22.189	.721	.689	.871
AFRS23	25.2160	22.316	.644	.626	.878

Scale: Franchisor Franchise System

Case Processing Summary

		N	%
Cases	Valid	125	100.0
	Excluded	0	0.0
	Total	125	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.953	.953	3

Item Statistics

	Mean	Std. Deviation	N
BFFS31	3.5600	.94528	125
BFFS32	3.3920	.90604	125
BFFS33	3.4480	.95424	125

Inter-Item Correlation Matrix

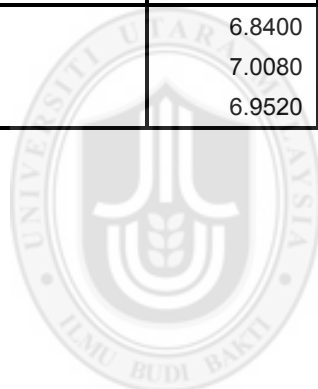
	BFFS31	BFFS32	BFFS33
BFFS31	1.000	.853	.846
BFFS32	.853	1.000	.915
BFFS33	.846	.915	1.000

Summary Item Statistics

	Mean	Minimum	Maximum	Range	Maximum / Minimum	Variance	N of Items
Inter-Item Correlations	.871	.846	.915	.068	1.081	.001	3

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
BFFS31	6.8400	3.313	.868	.754	.955
BFFS32	7.0080	3.331	.920	.858	.917
BFFS33	6.9520	3.175	.914	.853	.920



UUM
Universiti Utara Malaysia

Scale: Franchisor Brand

Case Processing Summary

		N	%
Cases	Valid	125	100.0
	Excluded	0	0.0
	Total	125	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.934	.934	4

Item Statistics

	Mean	Std. Deviation	N
CBFB34	3.5040	.91249	125
CBFB35	3.5040	.97239	125
CBFB36	3.5440	.99599	125
CBFB37	3.4720	.99657	125

Inter-Item Correlation Matrix

	CBFB34	CBFB35	CBFB36	CBFB37
CBFB34	1.000	.738	.699	.747
CBFB35	.738	1.000	.822	.809
CBFB36	.699	.822	1.000	.860
CBFB37	.747	.809	.860	1.000

Summary Item Statistics

	Mean	Minimum	Maximum	Range	Maximum / Minimum	Variance	N of Items
Inter-Item Correlations	.779	.699	.860	.162	1.232	.003	4

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
CBFB34	10.5200	7.800	.773	.610	.936
CBFB35	10.5200	7.155	.860	.742	.909
CBFB36	10.4800	7.010	.867	.786	.907
CBFB37	10.5520	6.943	.883	.793	.901

Scale: Franchisor Support

Case Processing Summary

		N	%
Cases	Valid	125	100.0
	Excluded	0	0.0
	Total	125	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.950	.951	6

Item Statistics

	Mean	Std. Deviation	N
DFS38	3.5840	.92618	125
DFS39	3.6240	.83920	125
DFS40	3.6320	.95492	125
DFS45	3.5200	1.00483	125
DFS47	3.4480	.94575	125
DFS48	3.5680	.99463	125

Inter-Item Correlation Matrix

	DFS38	DFS39	DFS40	DFS45	DFS47	DFS48
DFS38	1.000	.824	.756	.728	.748	.723
DFS39	.824	1.000	.832	.721	.783	.760
DFS40	.756	.832	1.000	.714	.702	.697
DFS45	.728	.721	.714	1.000	.814	.832
DFS47	.748	.783	.702	.814	1.000	.808
DFS48	.723	.760	.697	.832	.808	1.000

Summary Item Statistics

	Mean	Minimum	Maximum	Range	Maximum / Minimum	Variance	N of Items
Inter-Item Correlations	.763	.697	.832	.135	1.194	.002	6

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
DFS38	17.7920	18.263	.836	.727	.941
DFS39	17.7520	18.688	.874	.814	.938
DFS40	17.7440	18.192	.814	.725	.944
DFS45	17.8560	17.576	.849	.769	.940
DFS47	17.9280	17.954	.859	.762	.939
DFS48	17.8080	17.640	.851	.762	.940

Scale: Government Support

Case Processing Summary

		N	%
Cases	Valid	125	100.0
	Excluded	0	0.0
	Total	125	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.943	.944	5

Item Statistics

	Mean	Std. Deviation	N
FGi57	3.4320	.93616	125
FGi58	3.4160	.96038	125
FGi59	3.2320	.95154	125
FGi60	3.2960	1.07781	125
FGi61	3.1600	1.05035	125

Inter-Item Correlation Matrix

	FGi57	FGi58	FGi59	FGi60	FGi61
FGi57	1.000	.830	.756	.767	.725
FGi58	.830	1.000	.794	.667	.685
FGi59	.756	.794	1.000	.782	.802
FGi60	.767	.667	.782	1.000	.891
FGi61	.725	.685	.802	.891	1.000

Summary Item Statistics

	Mean	Minimum	Maximum	Range	Maximum / Minimum	Variance	N of Items
Inter-Item Correlations	.770	.667	.891	.224	1.336	.004	5

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
FGi57	13.1040	13.529	.844	.772	.930
FGi58	13.1200	13.590	.806	.763	.936
FGi59	13.3040	13.310	.865	.764	.926
FGi60	13.2400	12.506	.859	.833	.927
FGi61	13.3760	12.688	.859	.824	.927

APPENDIX 7: CORRELATION

Descriptive Statistics

	Mean	Std. Deviation	N
Frhs_support3	3.5893	.83777	125
Frch_francbrand	3.5060	.88643	125
Frch_franchisesytem	3.4667	.89403	125
Gov_support	3.3072	.89930	125
Frch_Retention_Test	3.5982	.78944	125

Correlations

		Frhs_support3	Frch_francbrand	Frch_franchisesytem	Gov_support	Frch_Retention_Test
Frhs_support3	Pearson Correlation	1	.834**	.826**	.544**	.614**
	Sig. (2-tailed)		.000	.000	.000	.000
	N	125	125	125	125	125
Frch_francbrand	Pearson Correlation	.834**	1	.811**	.552**	.595**
	Sig. (2-tailed)	.000		.000	.000	.000
	N	125	125	125	125	125
Frch_franchisesytem	Pearson Correlation	.826**	.811**	1	.534**	.670**
	Sig. (2-tailed)	.000	.000		.000	.000
	N	125	125	125	125	125
Gov_support	Pearson Correlation	.544**	.552**	.534**	1	.409**
	Sig. (2-tailed)	.000	.000	.000		.000
	N	125	125	125	125	125
Frch_Retention_Test	Pearson Correlation	.614**	.595**	.670**	.409**	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	125	125	125	125	125

** . Correlation is significant at the 0.01 level (2-tailed).

APPENDIX 8: MULTIPLE REGRESSION

Descriptive Statistics

	Mean	Std. Deviation	N
Frch_Retention_Test	3.5982	.78944	125
Frhs_support3	3.5893	.83777	125
Frch_francbrand	3.5060	.88643	125
Frch_franchisesytem	3.4667	.89403	125
Gov_support	3.3072	.89930	125

Correlations

		Frch_Retention_Test	Frhs_support3	Frch_francbrand	Frch_franchisesytem	Gov_support
Pearson Correlation	Frch_Retention_Test	1.000	.614	.595	.670	.409
	Frhs_support3	.614	1.000	.834	.826	.544
	Frch_francbrand	.595	.834	1.000	.811	.552
	Frch_franchisesytem	.670	.826	.811	1.000	.534
	Gov_support	.409	.544	.552	.534	1.000
Sig. (1-tailed)	Frch_Retention_Test	.	.000	.000	.000	.000
	Frhs_support3	.000	.	.000	.000	.000
	Frch_francbrand	.000	.000	.	.000	.000
	Frch_franchisesytem	.000	.000	.000	.	.000
	Gov_support	.000	.000	.000	.000	.
N	Frch_Retention_Test	125	125	125	125	125
	Frhs_support3	125	125	125	125	125
	Frch_francbrand	125	125	125	125	125
	Frch_franchisesytem	125	125	125	125	125
	Gov_support	125	125	125	125	125

Variables Entered/Removed

Model	Variables Entered	Variables Removed	Method
1	Gov_support, Frch_franchisesystem, Frch_francbrand, Frhs_support3 ^b		Enter

a. Dependent Variable: Frch_Retention_Test

b. All requested variables entered.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.680 ^a	.463	.445	.58816	.463	25.848	4	120	.000

a. Predictors: (Constant), Gov_support, Frch_franchisesystem, Frch_francbrand, Frhs_support3

b. Dependent Variable: Frch_Retention_Test

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	35.767	4	8.942	25.848	.000 ^b
	Residual	41.512	120	.346		
	Total	77.279	124			

a. Dependent Variable: Frch_Retention_Test

b. Predictors: (Constant), Gov_support, Frch_franchisesystem, Frch_francbrand, Frhs_support3

Coefficients^a

		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	95.0% Confidence Interval for B		Correlations			Collinearity Statistics	
		B	Std. Error	Beta			Lower Bound	Upper Bound	Zero-order	Partial	Part	Tolerance	VIF
1	(Constant)	1.333	.248		5.367	.000	.841	1.824					
	Frhs_support3	.135	.130	.143	1.042	.299	-.122	.392	.614	.095	.070	.236	4.233
	Frch_francbrand	.061	.119	.068	.509	.611	-.175	.296	.595	.046	.034	.251	3.978
	Frch_franchisesytem	.420	.115	.475	3.657	.000	.193	.647	.670	.317	.245	.265	3.774
	Gov_support	.034	.072	.039	.475	.636	-.108	.177	.409	.043	.032	.665	1.504

a. Dependent Variable: Frch_Retention_Test

Collinearity Diagnostics^a

		Eigenvalue	Condition Index	Variance Proportions				
				(Constant)	Frhs_support3	Frch_francbrand	Frch_franchisesytem	Gov_support
1	1	4.904	1.000	.00	.00	.00	.00	.00
	2	.041	10.956	.38	.03	.05	.07	.28
	3	.035	11.860	.58	.00	.00	.00	.71
	4	.011	20.666	.00	.01	.58	.78	.00
	5	.009	23.652	.04	.96	.37	.15	.00

a. Dependent Variable: Frch_Retention_Test

Casewise Diagnostics^a

Case Number	Std. Residual	Frch_Retention_T est	Predicted Value	Residual
9	7.333	8.22	3.9092	4.31300

a. Dependent Variable: Frch_Retention_Test

Residuals Statistics^a

	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	2.0233	4.5809	3.5982	.53707	125
Std. Predicted Value	-2.932	1.830	.000	1.000	125
Standard Error of Predicted Value	.059	.218	.112	.037	125
Adjusted Predicted Value	2.1253	4.5828	3.5977	.53824	125
Residual	-1.06163	4.31300	.00000	.57859	125
Std. Residual	-1.805	7.333	.000	.984	125
Stud. Residual	-1.833	7.382	.000	1.001	125
Deleted Residual	-1.12532	4.37063	.00056	.59887	125
Stud. Deleted Residual	-1.852	9.949	.021	1.167	125
Mahal. Distance	.276	16.070	3.968	3.383	125
Cook's Distance	.000	.146	.007	.017	125
Centered Leverage Value	.002	.130	.032	.027	125

a. Dependent Variable: Frch_Retention_Test

APPENDIX 9: HIERARCHICAL MULTIPLE REGRESSION

i) Franchisor Support

Descriptive Statistics

	Mean	Std. Deviation	N
Frch_Retention_Test	3.5982	.78944	125
Frhs_support3	3.5893	.83777	125
Gov_support	3.3072	.89930	125
Int_FrchSupport	12.2771	5.36197	125

Correlations

		Frch_Retention_Test	Frhs_support3	Gov_support	Int_FrchSupport
Pearson Correlation	Frch_Retention_Test	1.000	.614	.409	.567
	Frhs_support3	.614	1.000	.544	.837
	Gov_support	.409	.544	1.000	.896
	Int_FrchSupport	.567	.837	.896	1.000
Sig. (1-tailed)	Frch_Retention_Test	.	.000	.000	.000
	Frhs_support3	.000	.	.000	.000
	Gov_support	.000	.000	.	.000
	Int_FrchSupport	.000	.000	.000	.
N	Frch_Retention_Test	125	125	125	125
	Frhs_support3	125	125	125	125
	Gov_support	125	125	125	125
	Int_FrchSupport	125	125	125	125

Variables Entered/Removed^a

Model	Variables Entered	Variables Removed	Method
1	Gov_support, Frhs_support3 ^b	.	Enter
2	Int_FrchSupport ^b	.	Enter

a. Dependent Variable: Frch_Retention_Test

b. All requested variables entered.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.620 ^a	.385	.375	.62418	.385	38.177	2	122	.000
2	.622 ^b	.387	.372	.62582	.002	.359	1	121	.550

a. Predictors: (Constant), Gov_support, Frhs_support3

b. Predictors: (Constant), Gov_support, Frhs_support3, Int_FrchSupport

c. Dependent Variable: Frch_Retention_Test

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	29.748	2	14.874	38.177	.000 ^b
	Residual	47.531	122	.390		
	Total	77.279	124			
2	Regression	29.888	3	9.963	25.437	.000 ^c
	Residual	47.390	121	.392		
	Total	77.279	124			

a. Dependent Variable: Frch_Retention_Test

b. Predictors: (Constant), Gov_support, Frhs_support3

c. Predictors: (Constant), Gov_support, Frhs_support3, Int_FrchSupport

Coefficients^a

		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	95.0% Confidence Interval for B		Correlations			Collinearity Statistics	
		B	Std. Error	Beta			Lower Bound	Upper Bound	Zero-order	Partial	Part	Tolerance	VIF
1	(Constant)	1.409	.262		5.367	.000	.889	1.928					
	Frhs_support3	.524	.080	.556	6.577	.000	.367	.682	.614	.512	.467	.704	1.420
	Gov_support	.093	.074	.106	1.252	.213	-.054	.240	.409	.113	.089	.704	1.420
2	(Constant)	1.882	.832		2.261	.026	.234	3.529					
	Frhs_support3	.394	.233	.418	1.692	.093	-.067	.854	.614	.152	.120	.083	12.017
	Gov_support	-.061	.268	-.070	-.228	.820	-.591	.469	.409	-.021	-.016	.055	18.345
	Int_FrchSupport	.041	.069	.280	.599	.550	-.095	.177	.567	.054	.043	.023	43.088

a. Dependent Variable: Frch_Retention_Test

Excluded Variables

		Beta In	T	Sig.	Partial Correlation	Collinearity Statistics		
						Tolerance	VIF	Minimum Tolerance
1	Int_FrchSupport	.280 ^b	.599	.550	.054	.023	43.088	.023

a. Dependent Variable: Frch_Retention_Test

b. Predictors in the Model: (Constant), Gov_support, Frhs_support3

Collinearity Diagnostics^a

Model	Dimension	Eigenvalue	Condition Index	Variance Proportions			
				(Constant)	Frhs_support3	Gov_support	Int_FrchSupport
1	1	2.941	1.000	.01	.00	.01	
	2	.035	9.185	.58	.01	.76	
	3	.024	11.054	.42	.99	.24	
2	1	3.888	1.000	.00	.00	.00	.00
	2	.085	6.779	.03	.00	.00	.02
	3	.026	12.192	.00	.08	.07	.00
	4	.001	60.595	.97	.92	.93	.98

a. Dependent Variable: Frch_Retention_Test

Casewise Diagnostics^a

Case Number	Std. Residual	Frch_Retention_T est	Predicted Value	Residual
9	6.986	8.22	3.8502	4.37201

a. Dependent Variable: Frch_Retention_Test

Residuals Statistics^a

	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	2.2315	4.5744	3.5982	.49095	125
Std. Predicted Value	-2.784	1.988	.000	1.000	125
Standard Error of Predicted Value	.063	.352	.102	.045	125
Adjusted Predicted Value	1.9698	4.5866	3.5942	.49932	125
Residual	-1.43585	4.37201	.00000	.61821	125
Std. Residual	-2.294	6.986	.000	.988	125
Stud. Residual	-2.322	7.026	.003	1.007	125
Deleted Residual	-1.47044	4.42260	.00406	.64427	125
Stud. Deleted Residual	-2.365	9.094	.019	1.135	125
Mahal. Distance	.255	38.327	2.976	4.674	125
Cook's Distance	.000	.509	.011	.050	125
Centered Leverage Value	.002	.309	.024	.038	125

a. Dependent Variable: Frch_Retention_Test

ii) Franchisor Brand

Descriptive Statistics

	Mean	Std. Deviation	N
Frch_Retention_Test	3.5982	.78944	125
Frch_francbrand	3.5060	.88643	125
Gov_support	3.3072	.89930	125
Int_FrchBrand	12.0312	5.44218	125

Correlations

		Frch_Retention_Test	Frch_francbrand	Gov_support	Int_FrchBrand
Pearson Correlation	Frch_Retention_Test	1.000	.595	.409	.567
	Frch_francbrand	.595	1.000	.552	.855
	Gov_support	.409	.552	1.000	.885
	Int_FrchBrand	.567	.855	.885	1.000
Sig. (1-tailed)	Frch_Retention_Test	.	.000	.000	.000
	Frch_francbrand	.000	.	.000	.000
	Gov_support	.000	.000	.	.000
	Int_FrchBrand	.000	.000	.000	.
N	Frch_Retention_Test	125	125	125	125
	Frch_francbrand	125	125	125	125
	Gov_support	125	125	125	125
	Int_FrchBrand	125	125	125	125

Variables Entered/Removed^a

Model	Variables Entered	Variables Removed	Method
1	Gov_support, Frch_francbrand ^b	.	Enter
2	Int_FrchBrand ^b	.	Enter

a. Dependent Variable: Frch_Retention_Test

b. All requested variables entered.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.603 ^a	.363	.353	.63520	.363	34.764	2	122	.000
2	.607 ^b	.368	.352	.63537	.005	.936	1	121	.335

a. Predictors: (Constant), Gov_support, Frch_francbrand

b. Predictors: (Constant), Gov_support, Frch_francbrand, Int_FrchBrand

c. Dependent Variable: Frch_Retention_Test

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	28.054	2	14.027	34.764	.000 ^b
	Residual	49.225	122	.403		
	Total	77.279	124			
2	Regression	28.432	3	9.477	23.476	.000 ^c
	Residual	48.847	121	.404		
	Total	77.279	124			

a. Dependent Variable: Frch_Retention_Test

b. Predictors: (Constant), Gov_support, Frch_francbrand

c. Predictors: (Constant), Gov_support, Frch_francbrand, Int_FrchBrand

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B		Correlations			Collinearity Statistics	
		B	Std. Error	Beta			Lower Bound	Upper Bound	Zero-order	Partial	Part	Tolerance	VIF
1	(Constant)	1.605	.254		6.313	.000	1.101	2.108					
	Frch_francbrand	.473	.077	.531	6.129	.000	.320	.626	.595	.485	.443	.696	1.437
	Gov_support	.102	.076	.116	1.335	.184	-.049	.252	.409	.120	.096	.696	1.437
2	(Constant)	2.340	.802		2.919	.004	.753	3.927					
	Frch_francbrand	.260	.233	.292	1.117	.266	-.201	.721	.595	.101	.081	.076	13.098
	Gov_support	-.134	.255	-.153	-.526	.600	-.640	.371	.409	-.048	-.038	.062	16.191
	Int_FrchBrand	.066	.068	.453	.968	.335	-.069	.200	.567	.088	.070	.024	41.883

a. Dependent Variable: Frch_Retention_Test

Excluded Variables

						Collinearity Statistics		
								Minimum
Model		Beta In	t	Sig.	Partial Correlation	Tolerance	VIF	Tolerance
1	Int_FrchBrand	.453 ^b	.968	.335	.088	.024	41.883	.024

a. Dependent Variable: Frch_Retention_Test

b. Predictors in the Model: (Constant), Gov_support, Frch_francbrand

Collinearity Diagnostics^a

Model	Dimension	Eigenvalue	Condition Index	Variance Proportions			
				(Constant)	Frch_francbrand	Gov_support	Int_FrchBrand
1	1	2.937	1.000	.01	.00	.01	
	2	.035	9.177	.81	.01	.58	
	3	.028	10.302	.19	.98	.41	
2	1	3.882	1.000	.00	.00	.00	.00
	2	.089	6.612	.03	.00	.00	.02
	3	.028	11.689	.00	.08	.07	.00
	4	.001	57.679	.97	.92	.93	.98

a. Dependent Variable: Frch_Retention_Test

Casewise Diagnostics^a

Case Number	Std. Residual	Frch_Retention_Test	Predicted Value	Residual
9	7.053	8.22	3.7412	4.48102

a. Dependent Variable: Frch_Retention_Test

Residuals Statistics^a

	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	2.4495	4.6111	3.5982	.47884	125
Std. Predicted Value	-2.399	2.115	.000	1.000	125
Standard Error of Predicted Value	.065	.298	.105	.044	125
Adjusted Predicted Value	2.5558	4.5823	3.5969	.47988	125
Residual	-1.44946	4.48102	.00000	.62764	125
Std. Residual	-2.281	7.053	.000	.988	125
Stud. Residual	-2.449	7.094	.001	1.005	125
Deleted Residual	-1.67016	4.53435	.00135	.65024	125
Stud. Deleted Residual	-2.501	9.245	.017	1.139	125
Mahal. Distance	.311	26.340	2.976	4.135	125
Cook's Distance	.000	.228	.009	.030	125
Centered Leverage Value	.003	.212	.024	.033	125

a. Dependent Variable: Frch_Retention_Test

iii) Franchisors Franchise System

Descriptive Statistics

	Mean	Std. Deviation	N
Frch_Retention_Test	3.5982	.78944	125
Frch_franchisesytem	3.4667	.89403	125
Gov_support	3.3072	.89930	125
Int_Frchsystem	11.8912	5.56772	125

Correlations

		Frch Retention Test	Frch franchisesytem	Gov_support	Int_Frchsystem
Pearson Correlation	Frch_Retention_Test	1.000	.670	.409	.596
	Frch_franchisesytem	.670	1.000	.534	.854
	Gov_support	.409	.534	1.000	.880
	Int_Frchsystem	.596	.854	.880	1.000
Sig. (1-tailed)	Frch_Retention_Test	.	.000	.000	.000
	Frch_franchisesytem	.000	.	.000	.000
	Gov_support	.000	.000	.	.000
	Int_Frchsystem	.000	.000	.000	.
N	Frch_Retention_Test	125	125	125	125
	Frch_franchisesytem	125	125	125	125
	Gov_support	125	125	125	125
	Int_Frchsystem	125	125	125	125

Variables Entered/Removed^a

Model	Variables Entered	Variables Removed	Method
1	Gov_support, Frch_franchisesystem ^b	.	Enter
2	Int_Frchsystem ^b	.	Enter

a. Dependent Variable: Frch_Retention_Test

b. All requested variables entered.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.673 ^a	.452	.443	.58903	.452	50.367	2	122	.000
2	.674 ^b	.454	.440	.59062	.002	.344	1	121	.559

a. Predictors: (Constant), Gov_support, Frch_franchisesystem

b. Predictors: (Constant), Gov_support, Frch_franchisesystem, Int_Frchsystem

c. Dependent Variable: Frch_Retention_Test

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	34.950	2	17.475	50.367	.000 ^b
	Residual	42.329	122	.347		
	Total	77.279	124			
2	Regression	35.070	3	11.690	33.512	.000 ^c
	Residual	42.209	121	.349		
	Total	77.279	124			

a. Dependent Variable: Frch_Retention_Test

b. Predictors: (Constant), Gov_support, Frch_franchisesytem

c. Predictors: (Constant), Gov_support, Frch_franchisesytem, Int_Frchsystem

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B		Correlations			Collinearity Statistics	
		B	Std. Error	Beta			Lower Bound	Upper Bound	Zero-order	Partial	Part	Tolerance	VIF
1	(Constant)	1.458	.234		6.221	.000	.994	1.922					
	Frch_franchisesytem	.558	.070	.632	7.973	.000	.420	.697	.670	.585	.534	.714	1.400
	Gov_support	.062	.070	.071	.892	.374	-.076	.200	.409	.081	.060	.714	1.400
2	(Constant)	.983	.843		1.167	.245	-.685	2.652					
	Frch_franchisesytem	.692	.239	.784	2.897	.004	.219	1.165	.670	.255	.195	.062	16.215
	Gov_support	.209	.260	.238	.803	.423	-.306	.725	.409	.073	.054	.051	19.508
	Int_Frchsystem	-.040	.068	-.283	-.587	.559	-.175	.095	.596	-.053	-.039	.019	51.431

a. Dependent Variable: Frch_Retention_Test

Excluded Variables

						Collinearity Statistics		
								Minimum
Model		Beta In	t	Sig.	Partial Correlation	Tolerance	VIF	Tolerance
1	Int_Frchsystem	-.283 ^b	-.587	.559	-.053	.019	51.431	.019

a. Dependent Variable: Frch_Retention_Test

b. Predictors in the Model: (Constant), Gov_support, Frch_franchisesytem

Collinearity Diagnostics^a

Model	Dimension	Eigenvalue	Condition Index	Variance Proportions			
				(Constant)	Frch_franchisesyte m	Gov_support	Int_Frchsystem
1	1	2.936	1.000	.01	.01	.01	
	2	.035	9.178	.82	.01	.60	
	3	.030	9.969	.18	.98	.40	
2	1	3.875	1.000	.00	.00	.00	.00
	2	.094	6.421	.02	.00	.00	.02
	3	.030	11.340	.00	.06	.06	.00
	4	.001	63.658	.98	.94	.94	.98

a. Dependent Variable: Frch_Retention_Test

Casewise Diagnostics^a

Case Number	Std. Residual	Frch_Retention_T est	Predicted Value	Residual
9	7.254	8.22	3.9379	4.28436

a. Dependent Variable: Frch_Retention_Test

Residuals Statistics^a

	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	2.0478	4.4884	3.5982	.53181	125
Std. Predicted Value	-2.915	1.674	.000	1.000	125
Standard Error of Predicted Value	.060	.280	.097	.041	125
Adjusted Predicted Value	2.1724	4.5125	3.5967	.53252	125
Residual	-1.04779	4.28436	.00000	.58343	125
Std. Residual	-1.774	7.254	.000	.988	125
Stud. Residual	-1.938	7.300	.001	1.005	125
Deleted Residual	-1.25032	4.33878	.00154	.60474	125
Stud. Deleted Residual	-1.961	9.718	.020	1.160	125
Mahal. Distance	.270	26.857	2.976	4.063	125
Cook's Distance	.000	.300	.010	.035	125
Centered Leverage Value	.002	.217	.024	.033	125

a. Dependent Variable: Frch_Retention_Test

iv) Franchisor Support, Franchisor Brand & Franchisor Franchise System

Descriptive Statistics

	Mean	Std. Deviation	N
Frch_Retention_Test	3.5982	.78944	125
Frhs_support3	3.5893	.83777	125
Frch_francbrand	3.5060	.88643	125
Frch_franchisesystem	3.4667	.89403	125
Gov_support	3.3072	.89930	125
Int_FrchBrand	12.0312	5.44218	125
Int_FrchSupport	12.2771	5.36197	125
Int_Frchsystem	11.8912	5.56772	125

Correlations

		Frch_Retention Test	Frhs_supp ort3	Frch_fran cbrand	Frch_franchis esystem	Gov_supp ort	Int_FrchBra nd	Int_FrchSupp ort	Int_Frchsyst em
Pearson	Frch_Retention_Test	1.000	.614	.595	.670	.409	.567	.567	.596
Correlation	Frhs_support3	.614	1.000	.834	.826	.544	.765	.837	.749
	Frch_francbrand	.595	.834	1.000	.811	.552	.855	.763	.758
	Frch_franchisesystem	.670	.826	.811	1.000	.534	.766	.755	.854
	Gov_support	.409	.544	.552	.534	1.000	.885	.896	.880
	Int_FrchBrand	.567	.765	.855	.766	.885	1.000	.956	.952
	Int_FrchSupport	.567	.837	.763	.755	.896	.956	1.000	.947
	Int_Frchsystem	.596	.749	.758	.854	.880	.952	.947	1.000

Sig. (1-tailed)	Frch_Retention_Test	.	.000	.000	.000	.000	.000	.000	.000
	Frhs_support3	.000	.	.000	.000	.000	.000	.000	.000
	Frch_franchbrand	.000	.000	.	.000	.000	.000	.000	.000
	Frch_franchisesytem	.000	.000	.000	.	.000	.000	.000	.000
	Gov_support	.000	.000	.000	.000	.	.000	.000	.000
	Int_FrchBrand	.000	.000	.000	.000	.000	.	.000	.000
	Int_FrchSupport	.000	.000	.000	.000	.000	.000	.	.000
	Int_Frchsystem	.000	.000	.000	.000	.000	.000	.000	.
N	Frch_Retention_Test	125	125	125	125	125	125	125	125
	Frhs_support3	125	125	125	125	125	125	125	125
	Frch_franchbrand	125	125	125	125	125	125	125	125
	Frch_franchisesytem	125	125	125	125	125	125	125	125
	Gov_support	125	125	125	125	125	125	125	125
	Int_FrchBrand	125	125	125	125	125	125	125	125
	Int_FrchSupport	125	125	125	125	125	125	125	125
	Int_Frchsystem	125	125	125	125	125	125	125	125

Variables Entered/Removed^a

Model	Variables Entered	Variables Removed	Method
1	Gov_support, Frch_franchisesystem, Frch_francbrand, Frhs_support3 ^b		Enter
2	Int_FrchSupport, Int_FrchBrand, Int_Frchsystem ^b		Enter

a. Dependent Variable: Frch_Retention_Test

b. All requested variables entered.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.680 ^a	.463	.445	.58816	.463	25.848	4	120	.000
2	.684 ^b	.468	.436	.59288	.005	.366	3	117	.778

a. Predictors: (Constant), Gov_support, Frch_franchisesystem, Frch_francbrand, Frhs_support3

b. Predictors: (Constant), Gov_support, Frch_franchisesystem, Frch_francbrand, Frhs_support3, Int_FrchSupport, Int_FrchBrand, Int_Frchsystem

c. Dependent Variable: Frch_Retention_Test

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	35.767	4	8.942	25.848	.000 ^b
	Residual	41.512	120	.346		
	Total	77.279	124			
2	Regression	36.153	7	5.165	14.693	.000 ^c
	Residual	41.126	117	.352		
	Total	77.279	124			

a. Dependent Variable: Frch_Retention_Test

b. Predictors: (Constant), Gov_support, Frch_franchisesytem, Frch_francbrand, Frhs_support3

c. Predictors: (Constant), Gov_support, Frch_franchisesytem, Frch_francbrand, Frhs_support3, Int_FrchSupport, Int_FrchBrand, Int_Frchsystem

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B		Correlations			Collinearity Statistics	
		B	Std. Error	Beta			Lower Bound	Upper Bound	Zero-order	Partial	Part	Tolerance	VIF
1	(Constant)	1.333	.248		5.367	.000	.841	1.824					
	Frhs_support3	.135	.130	.143	1.042	.299	-.122	.392	.614	.095	.070	.236	4.233
	Frch_francbrand	.061	.119	.068	.509	.611	-.175	.296	.595	.046	.034	.251	3.978
	Frch_franchisesytem	.420	.115	.475	3.657	.000	.193	.647	.670	.317	.245	.265	3.774
	Gov_support	.034	.072	.039	.475	.636	-.108	.177	.409	.043	.032	.665	1.504

2	(Constant)	1.142	.857		1.333	.185	-.554	2.839					
	Frhs_support3	-.218	.527	-.232	-.414	.679	-1.262	.825	.614	-.038	-.028	.015	68.753
	Frch_francbrand	-.144	.486	-.162	-.297	.767	-1.106	.817	.595	-.027	-.020	.015	65.356
	Frch_franchisesytem	1.022	.594	1.157	1.721	.088	-.154	2.197	.670	.157	.116	.010	99.359
	Gov_support	.097	.273	.110	.354	.724	-.444	.637	.409	.033	.024	.047	21.264
	Int_FrchBrand	.073	.158	.501	.459	.647	-.241	.386	.567	.042	.031	.004	261.797
	Int_FrchSupport	.096	.154	.655	.628	.531	-.208	.401	.567	.058	.042	.004	239.646
	Int_Frchsystem	-.183	.177	-1.289	-1.033	.304	-.533	.168	.596	-.095	-.070	.003	342.595

a. Dependent Variable: Frch_Retention_Test

Excluded Variables								
		Beta In	t	Sig.	Partial Correlation	Collinearity Statistics		
						Tolerance	VIF	Minimum Tolerance
Model								
1	Int_FrchBrand	.036 ^b	.081	.936	.007	.022	44.546	.022
	Int_FrchSupport	.065 ^b	.147	.883	.014	.023	43.693	.023
	Int_Frchsystem	-.151 ^b	-.306	.760	-.028	.018	54.179	.018

a. Dependent Variable: Frch_Retention_Test

b. Predictors in the Model: (Constant), Gov_support, Frch_franchisesytem, Frch_francbrand, Frhs_support3

Collinearity Diagnostics^a

Model	Dimension	Eigenvalue	Condition Index	Variance Proportions							
				(Constant)	Frhs_supp ort3	Frch_fran cbrand	Frch_fran chesytem	Gov_su pport	Int_Frch Brand	Int_FrchSup port	Int_Frchsyst em
1	1	4.904	1.000	.00	.00	.00	.00	.00			
	2	.041	10.956	.38	.03	.05	.07	.28			
	3	.035	11.860	.58	.00	.00	.00	.71			
	4	.011	20.666	.00	.01	.58	.78	.00			
	5	.009	23.652	.04	.96	.37	.15	.00			
2	1	7.766	1.000	.00	.00	.00	.00	.00	.00	.00	.00
	2	.156	7.053	.01	.00	.00	.00	.00	.00	.00	.00
	3	.041	13.839	.01	.00	.00	.00	.04	.00	.00	.00
	4	.020	19.725	.00	.00	.01	.01	.00	.00	.00	.01
	5	.016	22.171	.00	.02	.01	.00	.00	.01	.01	.00
	6	.001	73.512	.91	.02	.03	.01	.88	.03	.03	.01
	7	.000	170.532	.01	.55	.78	.00	.02	.77	.62	.01
	8	.000	197.144	.06	.41	.17	.97	.06	.19	.34	.97

a. Dependent Variable: Frch_Retention_Test

Casewise Diagnostics^a

Case Number	Std. Residual	Frch_Retention_T est	Predicted Value	Residual
9	7.283	8.22	3.9041	4.31811

a. Dependent Variable: Frch_Retention_Test

Residuals Statistics^a

	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	1.9838	4.5777	3.5982	.53996	125
Std. Predicted Value	-2.990	1.814	.000	1.000	125
Standard Error of Predicted Value	.068	.340	.138	.058	125
Adjusted Predicted Value	2.1433	4.5904	3.5951	.54606	125
Residual	-.99394	4.31811	.00000	.57590	125
Std. Residual	-1.676	7.283	.000	.971	125
Stud. Residual	-1.822	7.344	.002	1.000	125
Deleted Residual	-1.18640	4.39089	.00313	.61207	125
Stud. Deleted Residual	-1.841	9.961	.023	1.169	125
Mahal. Distance	.616	39.831	6.944	7.193	125
Cook's Distance	.000	.234	.008	.025	125
Centered Leverage Value	.005	.321	.056	.058	125

a. Dependent Variable: Frch_Retention_Test

APPENDIX 10

Group Statistics

	nrb	N	Mean	Std. Deviation	Std. Error Mean
Frch_franchisesytem	1.00	63	3.3651	.97957	.12341
	2.00	62	3.5699	.79247	.10064

Independent Samples Test

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Frch_franchisesytem	Equal variances assumed	.953	.331	-1.284	123	.202	-.20481	.15952	-.52057	.11094
	Equal variances not assumed			-1.286	118.581	.201	-.20481	.15925	-.52015	.11053